

Waves of Mozambican Refugees Swamp Malawi

By Sheila Rule
New York Times Service

NSANJE, Malawi — More than 600,000 Mozambicans, fleeing the cruelty of war, have crowded into the tiny country of Malawi in the last 20 months. As hundreds more stumble across the border each day, there appears to be no foreseeable end to the waves of desperate people.

Relief organizations and the government of Malawi, one of Africa's poorest and most densely populated countries, are struggling to provide food and services for the refugees.

At the same time, they are trying to ease acute food shortages among hundreds of thousands of Malawians after a devastating insect infestation and pockets of drought.

Relief agency officials estimate that at the current rate of arrivals the number of refugees could reach 750,000 within five months. The ratio of refugees to the local population in Malawi, a country of

about 7.5 million people, is said to be one of the highest in the world. "Normally, we see children who are malnourished," said Marcel Fortier, the head of the Malawi delegation of the League of Red Cross and Red Crescent Societies and relief adviser to the Malawi government. "But we have been receiving people 20 and 25 years old who are skeletal, and that is abnormal," he said. "Many have been living without enough food for months and months."

"You can't call the relief operation stable," Mr. Fortier said. "The main problem is the recurring influx. In the last two months, we have been getting more than 2,000 people every day. We need more trucks, warehouses, blankets and food, which takes time to enter the pipeline and reach the country."

"It is difficult for the government to absorb so many Mozambicans when it has its own problems." Large numbers of refugees began arriving in September 1986, when

fighting stepped up in Mozambique's 13-year war, which pits the anti-communist Mozambican National Resistance against the Marxist government of President Joaquim Chissano. The Mozambican countryside has been devastated. Hundreds of thousands of people are running from war, hunger, poverty and disease. They are fleeing not only to Malawi but also, in far fewer numbers, to Tanzania, Zambia, Zimbabwe, South Africa and Swaziland.

Many who remain in Mozambique are threatened by starvation because the war has disrupted their subsistence farming. The flight is nowhere more graphic than along the two-lane highway that runs from Dedza to Ncheu and serves as a border between Mozambique and Malawi. On the Mozambican side, spectacular mountains are a backdrop to eerie desolation. Abandoned houses with no roofs and crumbling walls stand in wild vegetation. For as far as the eye can see, there are no signs of human life.

Just across the border in the red earth of Malawi, thousands of refugees live in densely populated villages of mud and thatch huts, competing for space with cultivated fields and Malawian neighbors. They gather in bustling frontier trading posts to collect donated rations of flour, beans and salt.

Most of the refugees refuse to cross the highway to their homeland for fear of being killed or kidnapped by rebels.

More than 220,000 Mozambicans have settled in the Nsanje district, which is at Malawi's southern tip and has the largest concentration of refugees in the country. They outnumber the local population by at least 30,000 and keep such ailments as malaria, bilharzia, diarrhea, severe malnutrition and leprosy.

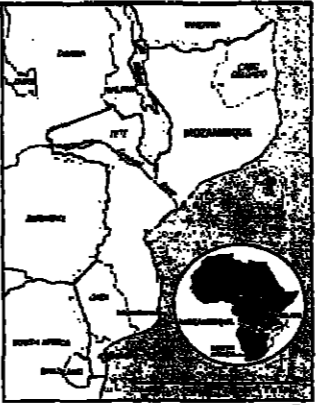
Their property has been looted or destroyed, and they come with nothing. Many have not seen a piece of soap or blankets in as many as seven years, relief workers

say. They survive on leaves and roots on their journey.

Zuzo Shova, wearing a dirty grain sack as clothing, arrived at a reception center in Nsanje, about a mile (1.5 kilometers) from the border. He said he had walked for three days with his 7-year-old daughter to reach this patch of sandy ground. The seemingly endless war had found its way to Mr. Shova's farm in the province of Zambezia in central Mozambique.

"My wife and I ran in different directions," Mr. Shova said as his daughter, whose nakedness had been covered with a blanket, leaned against him near a tent that served as a registration office. "My wife ran with three of our children, and I ran with one. My daughter and I begged for food along the way."

As the government searches for plots of land on which to settle more arrivals, the refugees are severely stretching health, water and other services in a country whose own rates of child mortality and malnutrition are among the highest in the world.



The human congestion has already taken limited farmland out of production. It has caused severe land degradation and deforestation as refugees cut down trees for fuel and building materials. Meanwhile, about a million Malawians, by some estimates, are severely affected by localized drought and an infestation of mealybug insects, which has destroyed cassava plants in the north and proved resistant to pesticides.

Soviet Leadership Bars Rebellious Territory From Joining Armenia

By Felicity Barringer
New York Times Service

MOSCOW — The Soviet government rejected on Monday appeals that it accommodate a rebellious region's desire to break away from the republic of Azerbaijan, according to the Soviet press agency Tass.

However, news of the decision was withheld from the main evening news broadcast, and a news conference called to explain the decision of the emergency session of the ruling Presidium of the Supreme Soviet, the executive committee of the national legislature, was abruptly canceled.

It was not clear whether the news blackout reflected a desire to prepare for a possible backlash in the republics of Armenia and Azerbaijan, which have been rocked by ethnic tensions, violence and strikes for five months.

The confusing sequence of events, including the government's decision to keep their own people in the dark overnight, underscored the volatile and intractable nature of the territorial dispute over the predominantly Armenian enclave of Nagorno-Karabakh.

Armenia supports the small region's calls for self-determination and eventual union with Armenia. Azerbaijan, which has administered the area since 1934, has repeatedly refused to relinquish control.

Armenian Communist Party officials warned the special session of the Presidium that failure to move toward a compromise could have "unpredictable consequences." In response, both Azerbaijani leaders and top Kremlin officials said that Moscow must move quickly and firmly to end mounting Armenian civil disobedience.

Vladimir V. Shcherbitsky, a conservative Politburo member, warned in a passionate law-and-order speech, according to Tass, that "everything going on in Transcaucasia" had a tendency "to spread across the country."

Throughout the late afternoon and evening, Tass, which normally publishes no details of debate in the Presidium, ran summaries of the day's emotional oratory. It ranged from Armenian pleas for historical justice to Azerbaijani condemnation of extremist agitators to conservative hints that further unrest could not be tolerated.

A speech at the meeting by the Soviet leader, Mikhail S. Gorbachev, was not reported, however, except for a terse summary which said that Mr. Gorbachev had stressed the urgency of the issue and called for "reciprocal steps" by all parties to the conflict.

Tass said that his comments would be reported on Tuesday.

Debate in the Presidium

The Armenian parliamentary leader, Hrant M. Voskanyan, said at the special session, "We have been unable to convey to members of the Presidium the acuteness and tragedy of the situation in Armenia and Nagorno-Karabakh," Reuters reported from Moscow.

Mr. Voskanyan clashed with his Azerbaijani counterpart, Sulaiman Tatiyev, when he demanded self-determination for Nagorno-Karabakh, Tass said.

Mr. Tatiyev responded by accusing Nagorno-Karabakh of "total insubordination" and declared that the region, governed by Azerbaijan since 1923, had no justifiable political, economic, or legal grounds for territorial transfer.

France Deals With Spotty Air Service

Compiled by Our Staff From Dispatches

PARIS — Flights in and out of France were severely disrupted Monday despite a last-minute withdrawal of a strike threat by air controllers.

In Britain, a logjam of flights from airports broke gradually Monday, ending a weekend of chaos and finally sending thousands of weary, angry tourists on their way to Mediterranean resorts after delays of up to 24 hours or more.

The decision in France on Sunday by two of the unions, which represent about 70 percent of French controllers, to call off strikes planned for Monday occurred too late for French carriers to restate more than a handful of canceled flights.

A third union, the Communist-led General Confederation of Labor, which represents about 18 percent of controllers, maintained its one-day strike Monday.

At Roissy-Charles-de-Gaulle airport outside of Paris, 329 departures and arrivals were maintained but 204 flights were canceled. At the second Paris airport, Orly, only 118 of a scheduled 291 arrivals were maintained, while 134 out of 297 scheduled departures took off.

Overflights through French airspace were not affected. "All traffic is passing normally over France," a spokesman for the civil aviation authority said.

The two French unions called off the strike when the Socialist government offered to recruit 70 extra controllers and increase bonuses.

At Gatwick, south of London, Britain's busiest package-tour airport where about 35,000 passengers were to fly out Monday, most flights were leaving nearly on time.

But a Gatwick spokesman said, "We are still recovering from the knock-on effect of the Greek dispute and have 15 flights delayed between three and four hours."

One, a British Island aircraft to Figari, Italy, was 11 hours late, he said. But this was considerable improvement over weekend delays that in some cases ranged up to 28 hours, arousing tempers and starting occasional fights among frustrated passengers.

At Luton airport, one of the busiest charter centers in Britain, the majority of flights left on time, but delays of up to three hours were reported on trips to Malaga, Naples and Corfu.

A spokesman at Luton said, "The charter companies have taken their customers to local hotels and provided meals to help out, but delays will still be with us for some time."

At Manchester airport, most of the 83 scheduled charter flights were delayed by an average of six hours, and in some cases up to 24 hours, officials said.

(Reuters, AFP, UPI)

WORLD BRIEFS

Mrs. Mandela Gives Birthday Address

JOHANNESBURG (AP) — Police bans and tight security prevented major public celebrations Monday on the 70th birthday of Nelson Mandela, the jailed black nationalist leader, but his wife said the day still focused attention on "the crimes of apartheid."

Mr. Mandela's wife, Winnie, said at a news conference in Johannesburg that she was disappointed that all the planned celebrations in South Africa, including a Sunday concert in the Soweto township, had been prohibited. "We had every intention of conveying a message of goodwill and of hope with that concert," she said.

But Mrs. Mandela said she was humbled by the worldwide attention focused on Mr. Mandela, the leader of the African National Congress, who is serving a life sentence for plotting to overthrow white rule.

Palestinians Strike and Another Dies

JERUSALEM (AP) — Palestinians in the occupied territories held a general strike Monday, and a hospital official said that an Arab man had died of gunshot wounds suffered in an earlier clash with Israeli troops.

Also, Arab reports said that the Israeli authorities had closed four more schools in the West Bank, bringing to 55 the number of school closings. Israel asserts that the schools have become centers of unrest.

An official at Maqassed Hospital in Jerusalem said that Jamal Kadoumi, 29, of Ein Bet al Maa refugee camp near Nablus, died Monday of a gunshot wound to the head. He had been shot during a clash in the West Bank on July 10.

Rebels Reject Philippine Peace Talks

MANILA (AP) — Communist rebels rejected an offer of new peace talks with President Corazon C. Aquino's government Monday, saying that the administration merely wanted to trap leaders of the 19-year-old insurgency. The rejection came hours after rebels killed a provincial official in Lucena, 60 miles (100 kilometers) southeast of Manila.

In a statement sent by courier to news agencies, the general command of the rebel New People's Army said that the Aquino government had no credibility following the collapse of peace talks last year.

After a call last week by the Catholic Bishops' Conference of the Philippines for the government and the rebels to revive peace talks, Mrs. Aquino said she would agree to new peace talks if the rebels made the first move.

100 Killed in India as Rains Arrive

NEW DELHI (Reuters) — The rains for which India has been praying have arrived with a vengeance, bursting dams, drowning villages, destroying crops and killing up to 100 people in the last four days.

In the central state of Uttar Pradesh, more than 1.2 million people were affected as rivers burst their banks and inundated low-lying villages, the Press Trust of India reported Monday.

The government announced 60 million rupees (\$4.3 million) in relief funds for the state, and medical teams were working round the clock, officials told the news agency. Whole areas of north India were cut off from the rest of the country as mud and rocks crashed down across vital road links.

Gunman Slays 4 in North Carolina

WINSTON-SALEM, North Carolina (Combined Dispatches) — The operator of a motorcycle repair shop went on a shooting spree with a rifle and a 38-caliber pistol in a residential neighborhood near Winston-Salem, killing four persons and wounding six, before being wounded and taken in to custody by the police, authorities said Monday.

The shooting occurred late Sunday night, officials said. The police said that the gunman had been involved in a disturbance Saturday and that consideration had been given to committing him to a psychiatric institution.

The suspect, Michael Charles Hayes, 24, was fitted in critical condition with wounds to his back, groin and right leg. Mr. Hayes was employed at the shop but the reasons for the rampage were unclear. (AP, UPI)

For the Record

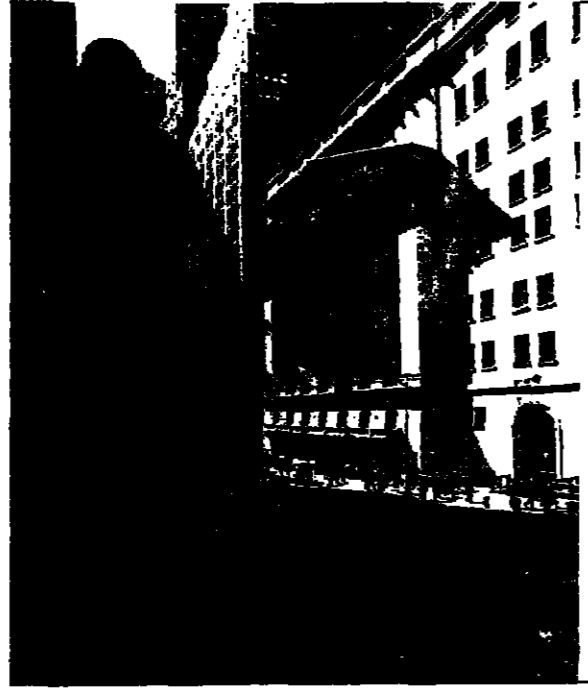
Zimbabwe issued an apology Monday to the British Labor Party leader, Neil Kinnock, for detaining him at gunpoint at an airport for an hour Sunday after he arrived for a visit. "The people and government of Zimbabwe deeply regret the most unfortunate embarrassment caused to our dear friends and comrades at arms, the Honorable Mr. Neil Kinnock and his gracious wife," it said.

North Korea has rejected a South Korean proposal for a meeting to discuss student visits and sports encounters between the two countries, Pyongyang's Korean Central News Agency reported Monday. (AFP)

A suspected car bomber in Beirut blew himself up in a car loaded with 20 kilograms (44 pounds) of explosives, militia sources said. Militiamen had returned the driver permission to park outside their offices but he apparently already set a timing device before turning and stopping across the street, a spokesman said. (Reuters)

TRAVEL UPDATE

Cut rates for flights between West Berlin and West Germany have been barred by Britain, France and the United States. Trans World Airlines, one of three airlines newly entering the route, had planned a two-month offer of tickets for 159 marks (\$86). Pan American World Airways said it would match that. But a spokesman for the British Embassy in Bonn said Monday that the Allies had decided to bar the cheap rates.



Herald Tribune
BUSINESS/FINANCE

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October 1988

3 MONDAY 4 TUESDAY

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July 1988

Herald Tribune

Contra Aid Is Still Folly

Those thirsting for renewed confrontation between Washington and Managua have got their wish. The extremists on both sides are regaining the upper hand. And while it seems too late to hope that the Reagan administration would begin serious negotiations, it is far too early in the present turbulence to consider renewing military aid to the Nicaraguan rebels.

Atlanta Should Enlighten

If the conflict that has been playing out between Michael Dukakis and Jesse Jackson had not taken place, the line from Atlanta surely would have been that the Democratic convention needed some excitement. But once the excitement got started, the terrific anxiety about how it would end was as good a demonstration as you could have of how much political conventions have been transformed.

Applause Comes Later

Signals of future inflation have been growing sharper over the past several months. The question was whether the Federal Reserve Board was prepared to tighten money and push up interest rates during the presidential election campaign.

Other Comment

Reflection for South Africa

[Monday was] a painful day for South Africa. Nelson Mandela marked his 70th birthday in jail, his spirit undiminished by 26 years in prison. In his time he has transcended his position as leader of the banned African National Congress to become a symbol, the world over, of resistance to apartheid.

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OPINION For Zia, Victor Under Siege, Three Tough Choices Loom

By Hans Binnendijk

LONDON — President Mohammed Zia-ul-Haq is a besieged victor. With Soviet troops now withdrawing from Afghanistan, the Pakistani leader faces three major problems — domestic elections, the Afghan transition and an Indian military build-up — that could determine Pakistan's future. He can play a trump card in each case, but doing so entails great risks.



Drawing by SZLAJMAN

in turn affects India's strategic calculations. Pakistan may not be able to enjoy this ambiguity for long, especially if it continues to inch toward development of a nuclear weapon.

Mexico: Up North, Some Fear a Prolonged Crisis

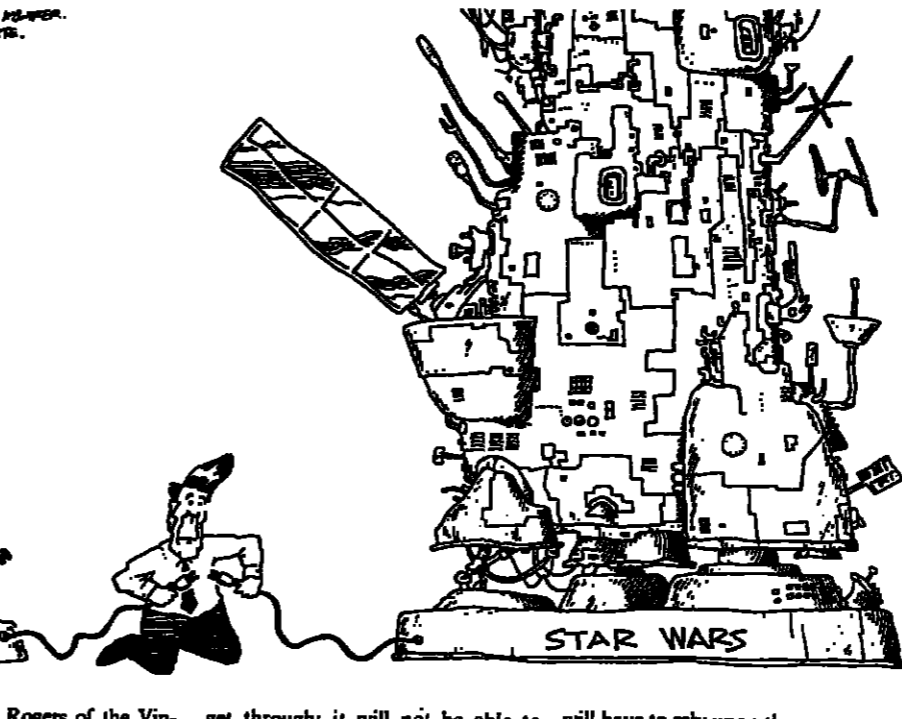
By Stephen S. Rosenfeld

WASHINGTON — For U.S. foreign policy this summer, the big change on the horizon is not in the Soviet Union but in Mexico. Regarding the Soviets, the basic requirement is nuclear balance.

In the Loop: Captive to A Computer

By Peter D. Zimmerman

WASHINGTON — The captain may have been misled by the computer system needed to operate the radar aboard his cruiser when he mistakenly gave the order to fire and downed an Iranian Airbus with 290 aboard.



did Captain Will Rogers of the Vincennes. His function in the loop would hardly be one to second-guess the computers; he would have no information on which to do so.

Reflection for South Africa

[Monday was] a painful day for South Africa. Nelson Mandela marked his 70th birthday in jail, his spirit undiminished by 26 years in prison.

The real lesson from the Gulf tragedy is that computers, no matter how smart, are fallible.

exchange must be to neutralize American defenses. U.S. computers will almost surely be programmed to accept as hostile any signals that indicate that the Soviets have placed American defenses at risk.

100, 75 AND 50 YEARS AGO

- 1888: Anarchists Held CHICAGO — Police Inspector Bonfield, of Chicago, declares that the arrests made yesterday (July 17) in connection with the discovery of dynamite bombs must not be taken to imply the existence of a widespread organized conspiracy, supported by men of intelligence.

Private Effort Cannot Solve Such Matters

By Anthony Lewis

NEW YORK — In the convention season of politics, Americans are preoccupied with tactics. Elections have to be won. But something deeper touches America's consciousness this summer.

One example is in world politics. For the last 40 years the basic fact of international life has been the conflict between the United States and the Soviet Union.

Shultz Warns On Trade Res

WASHINGTON — In a speech before the Senate, Secretary of State George P. Shultz warned that the United States would continue to push South Korea to open its markets to U.S. goods and that "if our saying that causes anti-Americanism, so be it."

1938: Jews Are Blocked

BERLIN — As a result of a mass move by German Jewish emigrants for United States visas, the American Consulate General in Berlin will accept no more applications for about six months, it was indicated today (July 18).

1913: Balkan Peace Pact

ATHENS — M. Venizelos, the Greek Premier, had a long conference this morning with A. Demidoff, Russian Minister at Athens. It is regarded as certain here that Greece and Serbia will insist on signing peace on the field of battle where the allies will forth their conditions.

Poles Pray at Site Of Katyn Killings

WARSAW — Polish Army chaplains have prayed for the first time at the Katyn site of a massacre reported August 20 chaplains, a Soviet honor guard, laid wreaths on Sunday at the grave of more than 4,000 officers captured in the 1939 invasion and held near Smolensk.

Questions Dem... Acknowledge Israel... GENERAL... Shultz Warns On Trade Res... 1938: Jews Are Blocked... 1913: Balkan Peace Pact... Poles Pray at Site Of Katyn Killings

هكذا من النجول

OPINION

Questions Democrats Aren't Answering

By William Safire

ATLANTA—This is the first Democratic convention dedicated to... This is the first Democratic convention dedicated to being a... This is the first Democratic convention dedicated to being a...

learn this year whether this is smart calculation or a forward fumble... 1. Why does Jesse Jackson refuse to make clear what his constituency requires in return for his enthusiastic support?...



Mike and Jesse at the Keyboard

the Middle East and Latin America. At a moment when Democrats in Congress have allowed the Communists in Nicaragua to wipe out all semblance of Democratic "reform," where is the questioning of the politicians who still advocate appeasement?...

If Legal Language Is Greek To You, There's a Reason

By Al Kamen

WASHINGTON—One trend almost lost in the Supreme Court's frenzied rush to leave town two weeks ago was an accelerating assault by the justices on their native tongue.

English, the language of the common folk, the people for whom the justices presumably work, has never been the language of choice for the legal profes- sion. For instance, Smith does not hit Jones. No, no. Petitioner strikes respondent. Or appellant assaults appellee.

LETTERS TO THE EDITOR

To Acknowledge Israel

Regarding "Time for Moderates Is Fast Running Out" (Opinion, June 20): I rarely agree with Flora Lewis on matters involving Israel. But this article seemed so particularly bent on fanning the fires of anti-Israeli and anti-Jewish sentiments that I had to respond.

JANET GROSS, Madrid.

years for peace in the Middle East as elsewhere. But I was disappointed to read his statement that "if there is a realistic solution to the problem, I do not know it," and his comment that "as long as the Palestinian Liberation Organization remains a terrorist organization, as long as it has not given up its goal of destroying Israel, why should Israel negotiate with its leaders?"

This is the same argument offered by Israeli leaders since the PLO came into existence, one that clearly is no longer valid. Why negotiate with the PLO leaders? Precisely to seek an agreement that would end terrorism and all violence in the region, and to set up safeguards, acceptable to both sides, that would make any future attempt to "destroy Israel" unlikely, if not impossible.

I agree with Mr. Wiesel that "one must not lose hope" and that "somehow there must be a solution." If he could persuade the Israeli leaders to propose negotiations with the PLO, the "miracle" he "would like to believe in" just might happen.

DAN KURZMAN, Mijas, Spain.

Ms. Lewis draws a parallel between the "vicious provocations" of the Jewish pioneers of Gush Etzion and Palestinian "activists." She equates terror, murder, knifings, tossing of firebombs, arson, etc., all on a mass scale that has merited the sobriquet of uprising, with acts of settlement in one's homeland and self-defense of one's own life and one's family. This is itself quite immoderate, if not immoral.

YISRAEL MEDAD, Shikha, Israeli-Occupied West Bank.

Regarding "Can Anyone Bring Peace to the Middle East?" (Opinion, June 24):

No one can doubt that Elie Wiesel is a man of deep compassion who cares about people, be they Arabs, Jews or members of any other group. Or that he

Why Tolerate Racism?

Regarding the report "Racist Skin-heads Alarm U.S." (June 14): Americans feel justified condemning violations of human rights in other countries, such as Israel's treatment of the Palestinians and South Africa's treatment of blacks.

Why, then, are racist groups like the Ku Klux Klan and the White Aryan Movement tolerated in our own United States? Freedom of speech and free-

Alcohol Still 'Acceptable'

It seems the trend toward viewing tobacco as an "acceptable" drug is changing. In the New Jersey jury verdict, finding a cigarette manufacturer liable in the cancer death of a woman ("Tobacco Firm Is Liable, but Ruling Is Limited," June 15), this has become evident.

It is interesting that so far everyone seems to be leaving the alcohol industry alone. It is not far that the alcohol industry sits back smugly. It is responsible for perhaps even more deaths and diseases, with its still "acceptable" drug, than the tobacco industry.

Yes, people are responsible to a point for their own health. Either the responsibility should be thrown back into the laps of the consumers or all makers of potentially harmful products should be liable.

K. TOBLER, Zurich.

Unfaithful Unto Death

Regarding "Fonda Says She's Sorry" (People, June 18-19): During the Vietnam War, Jane Fonda did her duty as she saw it. Though probably committing (within the definition of the U.S. Constitution) treason in wartime, she denounced and obstructed far worse crimes that, for some reason, had not been disturbing the deep sleep of most of her compatriots.

Now Miss Fonda feels that she owes American veterans an apology. If a one-time traitor does not remain unfaithful (in a special sense) unto death, the traitor becomes contemptible.

Those to whom America owes apologies and (whom matters more) restitution

Against Natural Law

Regarding the report "For Irish Women, Even Talk of Abortions Is Long Distance" (June 10): I was surprised by this article about abortion information in Ireland. Abortion goes against the basic human right to life, and the natural law, and so it could not be declared "good" even if there was a majority vote. Besides, the referendum of 1983 gave both sides the opportunity to express their views freely and to vote accordingly.

MARGARET KELLY, Rome.

An Injustice to Cosimo

Susan Lumsden's reports from Tuscany are always interesting and informative. There was, however, a howler in her piece of June 17, "It's Florence, but Where Are Statues?" She writes that Florentines often make appointments to meet "under Cosimo" in the Piazza Santa Trinita, "the site of the tall, pedestal statue of the first Medici to assume the title of grand duke of Tuscany."

The statue is one of justice, and recognizable as such because she is holding scales. Her "pedestal" is a granite column taken from Rome's Baths of Caracalla. Cosimo set the column there.

Also, "Trinita" in the same paragraph is used in Tuscany without an accent mark on the final vowel. Ms. Lumsden may be a victim of an editor who knows Italian but does not know of the idiosyncratic difference between today's Italian and the language of Florence.

THOMAS KENDEL, Helsinki.

Apt Analogy Misapplied

Regarding "Vulnerable America Needs Nuclear Deterrence" (Opinion, June 22): Jeanne Kirkpatrick, in her critique of Michael Dukakis's foreign policy views, is too clever by far. The Magmot Line analogy is far more applicable to the Strategic Defense Initiative than is Mr. Dukakis's recipe for beefing up America's nonnuclear arsenal.

GEORGE ARMSTRONG, Florence.



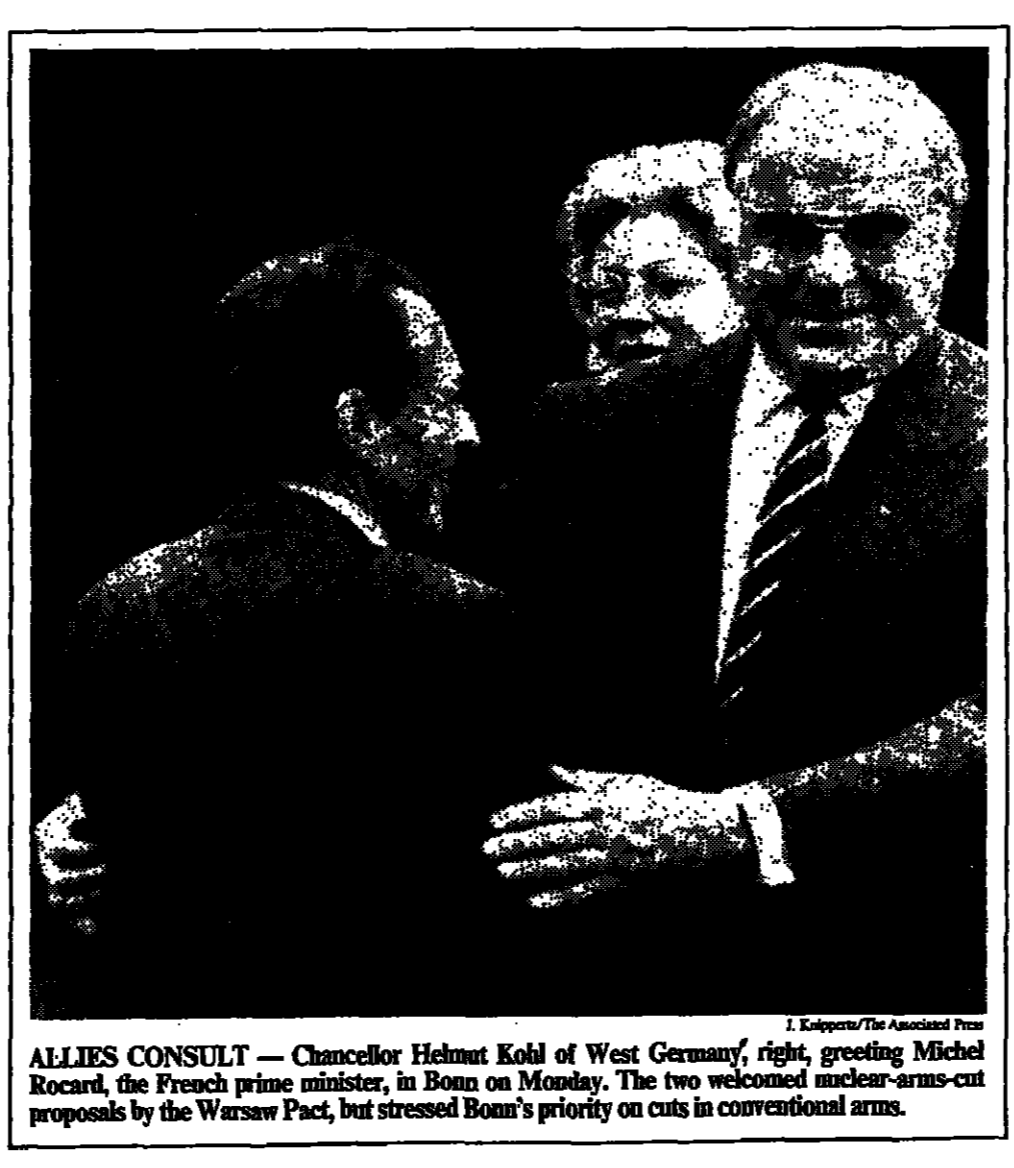
overamplified hoopla of the last several years, the cello would come as a pleasant change. It is a noble, felicitous instrument, capable of sending us inside ourselves without drowning out the cries of the needy or that still, small voice of wisdom so sadly lacking in today's politics. As an instrument of change, it certainly gets my vote.

DONALD ARTHUR, Munich.

GENERAL NEWS

Shultz Warns Koreans On Trade Restrictions

South Korean students have charged that the United States approved the use of South Korean troops in Kwangju, a charge that Washington has denied. "The United States would welcome a full and fair investigation," Mr. Shultz told a South Korean reporter, who asked about Kwangju. "There were no U.S. troops involved, and the Korean troops involved were not under American authority at all."



ALLIES CONSULT — Chancellor Helmut Kohl of West Germany, right, greeting Michel Rocard, the French prime minister, in Bonn on Monday. The two welcomed nuclear-arms-cut proposals by the Warsaw Pact, but stressed Bonn's priority on cuts in conventional arms.

French Join Hunt for Ship Raiders

ATHENS — Greece and France have agreed to work together in an effort to capture the terrorists who attacked a cruise liner a week ago with guns and bombs. The toll in the assault was nine dead, possibly including one or more of the attackers, and 80 wounded.

IRAN: White House Welcomes 'Major Breakthrough'

(Continued from Page 1) identified, said that President Reagan continued to believe that it was in U.S. interests to improve relations with Iran.

However, he said the United States was not prepared to leave the Gulf completely, as Iran had demanded, noting that U.S. forces had had a presence there since 1949.

Asked whether the United States would move toward normalizing relations with Iran if the war ended, Mr. Fritzwiler said that the administration had made it clear a number of times that it would be "willing to establish a dialogue."

However, he said that so far Washington had not received a response from Iran that it considered "valid, legitimate or reasonable."

GULF: Iran Accepts Cease-Fire

(Continued from Page 1) declare that the Islamic Republic of Iran — because of the importance it attaches to saving the lives of human beings and the establishment of justice and regional and international peace and security — accepts Security Council Resolution 598.

There were no qualifying phrases. One Iranian at the United Nations said that the decision was made after a secret meeting in Amsterdam 10 days ago between U.S. and Iranian officials. There was no confirmation of this report.

Diplomats said that the atmosphere at the United Nations over the past week had hinted at some improvement in relations between Iran and the rest of the world.

The Security Council president, Paulo Nogueira-Batista of Brazil, said it now would be easier for him to negotiate a joint statement or resolution by the council members that would express regret at the downing of an Iranian airliner by an American warship on July 3, with a loss of 290 lives.

The British delegate, Sir Crispin Tickell, expressed caution, saying, "It's far too soon to celebrate even though we have certainly taken a step forward."

Resolution 598 demands an immediate cease-fire on land, in the sea and in the air and the withdrawal of all forces to the frontiers without delay. It calls for a UN observer team to verify, confirm and supervise the withdrawal.

It urges the release of prisoners of war without delay, after fighting stops. It calls on both sides to cooperate in further mediation efforts on a comprehensive settlement of

Poles Pray at Site Of Katyn Killings

WARSAW — Polish Army chaplains have prayed for the first time at the Katyn site of a massacre of Polish officers, state television reported. About 20 chaplains, with a Soviet honor guard, laid wreaths on Sunday at the grave of more than 4,300 officers captured in the 1939 invasion and held near Smolensk.

War Games in East Germany

BERLIN — East German and Soviet troops will hold joint military exercises south of Berlin from July 24 to 30. citizen killed on the ship, the City of Poros. Greece says the man was a member of the assailant group. France is demanding proof of this accusation.

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THE DEMOCRATS IN ATLANTA: Blacks, as delegates, note the inexorable but painful nature of political change.



The Reverend Jesse L. Jackson and Oprah Winfrey, a talk-show host, at a fund-raiser in Atlanta.

Black Delegates Reflect on Decades-Long Journey

By David Maraniss
Washington Post Service

ATLANTA — Soon after the Reverend Otis Moss of Cleveland finds his seat in the Ohio delegation for the opening of the 1988 Democratic National Convention, he intends to look around the hall with a powerful sense of history, taking in a scene both re-creating and frustrating, reminding him of the inexorable but painful nature of political change.

In the convention hall, Mr. Moss will be among 962 delegates who are black — more than a fifth of the total. That is the most in the history of U.S. major-party conventions. Fifty-six years ago, at the convention where Franklin D. Roosevelt was nominated to open the New Deal era that made blacks loyal members of the Democratic coalition, there were no black delegates. As recently as 1964, they represented only 2.3 percent of the delegates who nominated Lyndon B. Johnson for what became the landmark presidency in terms of civil rights legislation.

As he looks about him, Mr. Moss will reflect on the road that led from zero to 962. He will think back, he says, to the morning in 1948 when his father, after passing a literacy test, set out to vote for the first time in LaGrange, Georgia, about 75 miles (120 kilometers) southwest of Atlanta.

The family was excited that morning, and anxious, but 10 hours and 18 miles of walking later, the father trudged home, exhausted and defeated. White officials at the first two polling places had told him that he was at the wrong site. At the third, they said they were closing just as he arrived.

Then, Mr. Moss says, he will look around again and think back to his years as a student at Morehouse College in Atlanta, the cradle of the civil rights movement, and reflect on the day in the fall of 1960 when he and many other blacks first felt a strong allegiance to the Democratic Party.

It was when John F. Kennedy placed a call that helped get their young leader, the Reverend Martin Luther King Jr., out of a prison camp in Reidsville, where he had been shackled since being arrested in Atlanta on a trumped-up traffic charge.

"What a long, long way it has been," Mr. Moss said, "from there to here." All along the way there have been frustrations, and they persist. As the convention opens, Mr. Moss and many other supporters of the Reverend Jesse L. Jackson say they feel their candidate has been slighted by the prospective nominee, Governor Michael S. Dukakis of Massachusetts, in not being offered the vice presidency and in the manner in which he was passed over.

Over in the Mississippi delegation, Leslie McLenore, a political science professor at Jackson State University, says he will think back to his first Democratic convention, Atlantic City in 1964.

He rode up to New Jersey that August with other members of the Mississippi Freedom Democratic Party, 64 blacks and 4 whites, to challenge the credentials of the all-white delegation of the state's regular Democratic Party.

He sat in the ballroom at the convention hall when the president of the Mississippi chapter of the National Association for the

Advancement of Colored People, Aaron Henry, told the credentials committee that 94 percent of Mississippi's blacks were denied the right to vote. Mr. Henry read from a poem by Langston Hughes:

What happens to a dream deferred — Does it dry up like a raisin in the sun? Does it fester like a sore and then run? Does it sink like rotten meat? Does it crust and sugar over like a syrupy sweet?

Maybe it just sags like a heavy load? Or does it explode?

Then he heard Fannie Lou Hamer, a sharecropper, present one of the most moving testimonies in the history of Democratic conventions.

"My name is Fannie Lou Hamer," she began, "and I live at 626 East Lafayette Street, Ruleville, Mississippi, Sunflower County, the home of Senator James O. Eastland and Senator Stennis."

The room fell silent as she told her story; first how, in 1962, she had been beaten with a blackjack, her dress ripped and thrown up above her head, in her jail cell after being picked up for attending a voter-registration workshop.

Mr. McLenore cried that day. He looked around the room and noticed that almost everyone had tears in their eyes as Mrs. Hamer ended with these words:

"All of this is on account we want to register, to become first-class citizens, and if

the Freedom Democratic Party is not selected now, I question America. Is this America, the land of the free and the home of the brave, where we have to sleep with our telephone off the hooks because our lives are threatened daily, because we want to live as decent human beings, in America?"

Mrs. Hamer's role was taken at the party's 1968 convention by Julian Bond, a young state representative from Georgia who challenged the regular delegation led by the segregationist governor, Lester Maddox. In 1964, only two of the 68 Mississippi Freedom Democrats were allowed to be seated in Atlantic City, and they refused. In 1968, Mr. Bond did better. The convention voted to seat half of his delegation and half of Mr. Maddox's.

The changes that came out of the 1968 convention made it possible for Mr. Jackson to enter the national political scene at Miami Beach in 1972, when George McGovern was nominated for president.

When he reaches the podium on Tuesday night, Mr. Jackson said, he plans to open his speech evoking the legacy of Fannie Lou Hamer and the Reverend Martin Luther King Jr. and close it the same way.

"There's the burden of speaking at the very highest level of national policy," he said, "with our sights on winning in November. And there's the burden of speaking for people who really would like to speak for themselves, but cannot."

"Fannie Lou Hamer is looking over my shoulder," Mr. Jackson said. "Dr. King is looking over my shoulder. I can't let them down."

For TV Insiders, Dan and Walter Upstage the Pols

By Maureen Dowd
New York Times Service

ATLANTA — If the Michael and Lloyd show is expected to be staid television fare, then the Walter and Dan show is considered, in the nervous phrase of a CBS News executive, "a 40-ton bundle of dynamite."

The convention pairing that most fascinates the television contingent here this week is not the Democratic team of Michael S. Dukakis and Lloyd Bentsen, but the CBS News team of Walter Cronkite and Dan Rather.

"We're waiting to see if Dan talks to Walter with a 30-degree, 40-degree or 50-degree chill in his voice," said a member of the CBS convention team.

The two men have had a tense relationship since Mr. Rather replaced Mr. Cronkite as the anchorman of the CBS Nightly News in 1981. Mr. Rather tried to limit Mr. Cronkite's appearances in election coverage in 1982 and 1984, according to Ed Joyce, a former president of CBS News who wrote a recently published memoir about the network.

"It was as though Dan was being asked to go on with the ghost of Christmas past," Mr. Joyce said in an interview Sunday.

Mr. Cronkite then angered Mr. Rather by suggesting that his suc-

cessor should have been dismissed last year when he walked off the set because the U.S. Open tennis matches pushed into news time, leaving the network blank for six minutes.

Fearing that Mr. Cronkite might go to a competing network, CBS brought him aboard for the con-

ATLANTA NOTEBOOK

ventions, a sign that Mr. Rather's power might be waning.

Everyone at CBS watched nervously Saturday night as the two men sat in the anchor booth together for a live convention preview. Mr. Rather was gracious. Mr. Cronkite was gracious. At the end, Mr. Rather clasped Mr. Cronkite's hand.

CBS officials were relieved, for the moment.

"Walter was Walter and Dan was Dan and the two had a great professional exchange," said Lane Vernados, the CBS News senior producer in charge of convention coverage.

Another CBS News official agreed, saying, "When you have a 40-ton bundle of dynamite and you move it across the street without it exploding in your face, you consider it a success."

And what does Mr. Cronkite have to say about all this? "They've got to write about something," he said, with the smile that still says, "That's the way it is."

Trying to put their best faces forward, the Democrats are a little loath to give too much air time to Jim Wright, the speaker of the House and convention chairman from Texas. Mr. Wright is under investigation by the House ethics committee over royalties he was paid for a book he wrote — and has become a campaign issue himself.

Michael McCurry, the Democratic National Committee spokesman, says that Mr. Wright's speech has been scheduled for 8:30 P.M. Tuesday. That is television Siberia, since it is half an hour before the networks begin their evening coverage.

Mr. McCurry was diplomatic in explaining the prime-time slight. "Electrons are beaming into the atmosphere everywhere around us," he said blithely. "So all time is prime time."

Never mind floor fights, etiquette tips and rowdy street demonstrations. The worst thing that can happen to the Democrats this week, as far as Michael Sheehan is concerned, is "the dread Wembleton syndrome."

"At one point, I thought about booking the Swimming Pool Cues," said Francis O'Brien, an aide to Governor Michael S. Dukakis, referring to an Atlanta rock group. But if the program does not boast Bruce Springsteen or Barbra

Streisand, the Democrats think it has some nice touches. They are most proud of the Monday night opening segment with Garrison Keillor, the humorist and writer, who will lead first-graders of the Class of 2000 in the Pledge of Allegiance to the American flag, read children's letters on the subject of "If I were president," and sing the national anthem.

The thought of Mr. Keillor singing may be intriguing to some, but it makes Marie Davis wince. Ms. Davis is a Jesse Jackson alternate delegate who is known in the San Francisco area as "the National Anthem Lady" for her many renditions for the Giants baseball team and for the 50th anniversary of the Golden Gate Bridge. She arrived in Atlanta carrying a petition with 2,000 signatures requesting that she be added to the program.

Other people may regard the convention as one big party, but not the businesslike governor of Massachusetts.

The staff of Mr. Dukakis says that the party's prospective nominee is not scheduled to attend any delegation meetings, caucuses or parties. "If we do one delegation, then we'd have to do others," a Dukakis aide said.

Carter Climbs Back To High-Profile Role

By Jack Nelson
Los Angeles Times Service

WASHINGTON — Former President Jimmy Carter, rejected by the majority of American voters in 1980 and humiliated even by some of his fellow Democrats at the party's last two nominating conventions, sank so low in public esteem that friends tried to launch a public relations campaign to refurbish his image.

Mr. Carter rejected the idea. "His attitude" recalls Mr. Carter's former press secretary, Jody Powell, "was that it will happen when it happens."

"Now," Mr. Powell says, "I'd have to say it looks like he was right."

Indeed so. Slowly but unmistakably, a change has begun to take place in the way the public and Democratic politicians look at the first Democratic president to lose a bid for re-election since Grover Cleveland in 1888. The resurrection of Jimmy Carter is under way.

Public opinion surveys show that people feel much better about his presidency now than they did when he was in office. And the Democratic Party this year is welcoming him back with open arms.

Mr. Carter has regained enough prestige and political clout that some Democratic leaders see him as a unifying force in this election year. Some even suggested that he might serve as a mediator between Governor Michael S. Dukakis of Massachusetts, the soon-to-be nominee, and the Reverend Jesse L. Jackson, the runner-up.

Mr. Dukakis and Mr. Jackson both have sought Mr. Carter's advice during the race for the nomination, and the Democrats have

scheduled a starring role for him at the national convention in Atlanta.

Mr. Carter's high-profile role in Atlanta stands in stark contrast to his participation in the party's nominating convention four years ago in San Francisco. Democrats wrangled in 1984 over whether to invite him to speak, many fearing he would remind voters of his unpopular administration and his devastating loss to Ronald Reagan in 1980.

Since the nominee was to be Walter F. Mondale, who had served as Mr. Carter's vice president, the Democrats finally decided that they had to ask the former president to speak. They tried to relegate him to a time slot when there would be no live television coverage, a move that caused his advisers to threaten to cancel the speech unless it was televised live.

Convention officials backed down and scheduled the appearance for prime time.

In Atlanta, the Democrats enthusiastically arranged for Mr. Carter to speak in prime time Monday night. They also have scheduled a series of events related to the convention at the Carter Presidential Center at Emory University.

At the 1980 convention in New York, when the incumbent president finally beat back a challenge by Senator Edward M. Kennedy of Massachusetts and secured the nomination, Mr. Kennedy humiliated Mr. Carter by showing up late at the podium, giving the president a perfunctory handshake and then walking around the platform, raising his fist to chants from the Massachusetts delegation of "We Want Ted."

For years, Mr. Carter endured snubs and attacks in silence. But in 1986, after repeated criticisms by Mr. Reagan, Mr. Carter finally struck back, declaring it was "more than a human being can stand." He publicly accused Mr. Reagan of "habitually" stating "things he knows not to be true," things Mr. Carter asserts that Mr. Reagan had "personally promised" him not to repeat.

Mr. Reagan has continued to attack the record of Mr. Carter's administration. Vice President George Bush has invoked Mr. Carter's name in attacking Mr. Dukakis, warning that election of the Democratic candidate could return the country to the high interest rates and double-digit inflation of the Carter administration.

But Mr. Carter's comeback has given Republicans second thoughts about how far they should go in attacking him in the 1988 campaign.



A PLATFORM FOR OTHERS IN THE STREETS — A protester confronting riot policemen in Atlanta near the site of the Democratic convention. He and others in a group calling itself No Business as Usual were protesting Sunday over the plight of the homeless.

DEMOCRATS: Dukakis Promises Jackson a Major Campaign Role

(Continued from Page 1)

"Is Jesse Jackson going to call the shots?" Mr. Bensten joined Mr. Dukakis and Mr. Jackson at the news conference. "There's been a reaching out on both sides and bringing

Reject 'Crumbs,' Jackson Is Urged

United Press International

ATLANTA — Louis Farrakhan, the leader of the Nation of Islam, urged the Reverend Jesse L. Jackson on Sunday to reject the "crumbs" being offered him by the Democratic Party.

"A concession is nothing more than the crumbs from the table, and only those crowding the table can get the crumbs," Mr. Farrakhan told about 600 people at a local church.

Mr. Farrakhan said Mr. Jackson should commit himself to a black agenda that would be set forth by black leaders of an alternative political party. "Reverend Jackson, as our champion, don't become a chump now," Mr. Farrakhan said. "As our champion, you've got the ball almost to the goal line. Don't fumble now. Don't go in no smoke-filled back room. Don't make a deal with a party that hasn't given nothing to black people."

those forces together," Mr. Bensten said. "This truly is the politics of inclusion."

Mr. Bensten's moderate-to-conservative views have drawn criticism from Mr. Jackson and his supporters.

Mr. Jackson said that after the Wednesday night nomination vote, which Mr. Dukakis has more than enough delegates to win, the campaign would move in a fundamentally new direction and the roles would change.

Of Mr. Jackson, Mr. Dukakis said, "He is going to be involved, actively and fully, in a way that will bring us together and will build the strongest grass-roots organization we hope that has ever been organized in a presidential campaign."

Although it was clear that not all differences had been resolved, Mr. Dukakis said, "We'll be campaigning together. We'll be campaigning separately, but he'll be a very, very important part of this team."

Mr. Jackson said he and Mr. Dukakis agreed on a "shared commitment to expand participation in the DNC — staff, leadership, membership."

The first sign on that part of the agreement should come Friday, when the Democratic National Committee meets and 25 at-large members are appointed.

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Convention Coverage Outside U.S.

International Herald Tribune

Full or partial live television coverage of the Democratic National Convention in Atlanta can be seen in most European countries and in Japan via cable networks or satellite receiver dishes.

Sky Channel, based in London, is broadcasting live programs by the U.S. Cable-Satellite Public Affairs Network daily from 11 P.M. to 2:45 A.M. GMT until Thursday morning, and from 11 P.M. Thursday to 5 A.M. Friday.

Sky Channel can be received in these countries (though not in all areas) on cable networks: Austria, Belgium, Britain, Denmark, Finland, France, Hungary, Ireland, Luxembourg, the Netherlands, Norway, Sweden, Switzerland and West Germany.

Sky Channel can be picked up only by satellite receiver dish — mostly available in hotels, embassies and private organizations — in Andorra, Greece, Gibraltar, Iceland, Poland, Portugal, Spain and Yugoslavia.

The U.S. company Cable News Network International is broadcasting events from 11 P.M. to 5 A.M. GMT through Friday morning on cable networks or via satellite dish receivers in Britain, Denmark, Finland, France, Ireland, the Netherlands and Sweden.

European countries in which CNN can be received only by satellite dish are Austria, Belgium, Italy, Luxembourg, Monaco, Norway, Portugal, Spain, Switzerland and West Germany.

The U.S. Armed Forces Network, based in Frankfurt, is broadcasting live programs on cable networks to Belgium, Britain, the Netherlands and Norway from 1 A.M. to 3 A.M. GMT through Friday morning. In Austria, the programs can be received via satellite dish.

Mr. Meese criticized Mr. McKay for going beyond the mandate of his original appointment, which led to the conviction of a former presidential adviser, Lyn Nofziger, on illegal lobbying charges.

Mr. McKay's report focused on seven possible areas of misconduct by Mr. Meese, many of them revolving around his relationships with his lawyer, E. Robert Wallach, and a financial adviser, W. Franklyn Chinn.

Mr. Meese still faces an internal Justice Department review of his actions.

Mr. McKay said an argument could be made that prosecuting an attorney general "would serve as a significant deterrent to other high-ranking public officials."

He said he had considered that argument and "concluded that Mr. Meese's particular position in government should not be the determining factor in the prosecutive decision" in a case in which a prosecution is not otherwise warranted.

JACKSON: Loser Seeks Power

(Continued from Page 1)

formerly opponents' and conceded that his failure to do so had hurt his re-election effort.

As Mr. Jackson said Sunday morning on television, "There is no defined place" yet for his backers — whom he calls "the progressive wing of the party" — in the next phase of the Democratic campaign.

But even as negotiations between the two groups proceeded, there were numerous signs that Mr. Dukakis was prepared to go beyond what other Republican and Democratic standard-bearers have been willing to do.

For example, Charles Baker, the governor's field director for the general election, said he was spending the week of the convention going through the Jackson organization tables "state by state and county by county," looking for recruits for this fall. Asked if he planned to hire some of Mr. Jackson's state directors, he replied, "Of course."

Ann F. Lewis, an adviser to Mr. Jackson who has a reputation as a shrewd analyst of the Democratic Party, argued that it was no longer possible for any nominee to operate as John Kennedy did.

Democratic activists now demand a role in the fall campaign regardless of whom they supported, she said, "and in the absence of any real party structure of the kind we had in 1960, the nominee needs their skills and help. If they are frustrated, they can penalize the ticket by withholding the organizational work that it needs in order to win."

That is even more true in the case of Mr. Jackson's black followers, whom Ron Brown, Mr. Jackson's convention manager, called the "the most important Democrats, the very base of the party," and whom Mrs. Lewis characterized as "the most cohesive, the most reliable and most underrepresented in party decision-making" of any demographic group.

The fact is that Jesse Jackson is more than just another contender who came in second," Governor James Blanchard of Michigan, where Mr. Jackson won the caucus, said on the Cable News Network on Saturday. "He does represent a special constituency, and I think they have been the most loyal voters that our party has had."

But the special character of Mr. Jackson's constituency, although making a coming together crucial, may also make it more difficult. A Dukakis strategist said the "70 wasn't very hard to mix Gary Hart people with Fritz Mondale's people, because they were so much alike, but Dukakis and Jackson people tend to come to politics with an entirely different view."

In some ways, the Jackson effort is more a movement than a campaign — a reflection of its roots in the civil rights organizing drives of the 1960s. It tends to be decentralized and diverse. Mr. Dukakis's effort, on the other hand, reflects a managerial style.

At another level, the discussion of the arrangements for the fall campaign is just the latest symbol for what Mr. Jackson has sought for months — respect for him, for his ideas, for those who look to him for leadership.

Mr. Dukakis seemed to have satisfied the Chicagoan on this central desire, right up to the point last week when he failed to notify Mr. Jackson of his vice presidential choice until after reporters had done so.

MEESE: Prosecutor Finds Attorney General's Tax Return Was Falsified

(Continued from Page 1)

In the report, Mr. McKay said he had decided not to seek criminal charges because "there is no evidence that Mr. Meese acted from motivation for personal gain."

He added, "There is no evidence that he acted out of self-interest."

In a response filed with a three-judge federal court panel that reviewed the report, Mr. Meese said the McKay investigation showed that "no crime was ever committed, encouraged, aided or abetted by Mr. Meese."

Mr. Meese criticized Mr. McKay for going beyond the mandate of his original appointment, which led to the conviction of a former presidential adviser, Lyn Nofziger, on illegal lobbying charges.

Mr. McKay's report focused on seven possible areas of misconduct by Mr. Meese, many of them revolving around his relationships with his lawyer, E. Robert Wallach, and a financial adviser, W. Franklyn Chinn.

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A Magic Wand Of a Fellowship

By Nan Robertson
New York Times Service
YOU cannot apply for it. If you get it, you can do whatever you want with it. You will never know exactly why you were chosen.

"Lots of us call ourselves 'summer composers,'" said the Chicago-based Expressionist Romantic, Ralph Shapley, "because we're busy teaching the rest of the year."

The composer, Charles Wuorinen, who was tapped two years ago, called the MacArthur Fellowship prize "the most civilized award ever invented."

The exclusive composer Conlon Nanorovic, who toiled at his complex music for player pianos in Mexico during decades of obscurity, spoke for many when he said simply, "For the first time in my life, I didn't have to worry about money."

On Tuesday, the board of the John D. and Catherine T. MacArthur Foundation in Chicago is due to announce the 1988 winners.

Jobs that are important and interesting to do." John Sayles, who wrote and directed the fiercely individualistic movies "Return of the Secaucus Seven," "Baby, It's You," "The Brother From Another Planet" and "Matewan," was more typical.

These creative artists—composers, filmmakers, choreographers, artists, actors and directors—were asked whether the fellowships had made a difference in their lives and in their work. The answer was: yes and no.

For all of those interviewed, \$30,000 to \$75,000 yearly has meant freedom to do the work that is the central love and driving force of their lives.



Peter Sellars (left), John Sayles and Ellen Stewart were winners of the MacArthur Fellowships.

Ellen Stewart, who wrote and directed the fiercely individualistic movies "Return of the Secaucus Seven," "Baby, It's You," "The Brother From Another Planet" and "Matewan," was more typical.

Frederick Wiseman said unequivocally, "It saved my professional life." The filmmaker illuminates some dark corners of American society with his documentaries, such as the recent "Dead and Blind."

of my time running around with my hat in my hand before a movie was ever shot," he said. "The fellowship made it fantastically easier."

Mittleuropa: Seeking A Landscape of the Mind

By Henry Kamm
New York Times Service
BUDAPEST—All over Western Europe these days, writers, talkers and academics—the people who in Europe are not embarrassed to label themselves intellectuals—seem to be gathering at symposiums, forums and round-tables to discuss, often with heat, a subject of doubtful reality.

It is not accidental that public discussion of what is Mittleuropa flourishes in West Germany, Austria and Italy but not in the heartlands of Czechoslovakia, Poland, Hungary or, perchance the notion, to those fringes of the old Hapsburg empire that fell to the Soviet Union in 1945.

The topic is a part of the continent that is almost as imaginary as the seacoast with which Shakespeare, defying geography, endowed Bohemia. In fact, Bohemia, a component of Czechoslovakia, is at the heart of the mythical region, which is called Mittleuropa.

Most proponents of the Mittleuropa idea in Communist countries are counted among the dissenters. "A Mittleeuropäer is one whom the partition of our continent injures, touches, hampers, disquiets and confines," wrote George Konrad, the Hungarian novelist and essayist, whose works are highly regarded by many Hungarians but have not been published in his country for more than a decade.

The Mittleuropa debate is conducted by poets and thinkers more than politicians and historians, because they view it as a cultural entity. It revolves about such questions as whether there was a common essence shared by such writers as Franz Kafka, Arthur Schnitzler and Italo Svevo, whether composers such as Gustav Mahler, Bela Bartok or Leo Janacek or painters like Oskar Kokoschka and Gustav Klimt partook of the same substance.

But what today's Mittleuropa might be was left undefined. Stefan Kaszynski, a Polish participant, called it an ideology. "Because it exists solely as a state of mind, as a verbal reality," he explained. "But these, not real existences, have a much longer life than real realities."

DOONESBURY



DOONESBURY cartoon strip showing characters in a room with dialogue bubbles.

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Form for ordering the Lotto 6/49 prize breakdown, including fields for name, address, and payment method.

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NYSE Index table showing high, low, close, and change for various indices.

Mondays NYSE Closing logo with 'Via The Associated Press' text.

AMEX Diary table listing advanced, declined, unchanged, and new issues.

NASDAQ Index table showing close, high, low, and change.

AMEX Most Actives table listing active stocks on the AMEX.

Dow Jones Bond Averages table showing close and change for various bond categories.

NYSE Diary table listing advanced, declined, unchanged, and new issues.

Odd-Lot Trading in N.Y. table showing trading activity for July 18, 19, and 20.

Dow Jones Averages table showing open, high, low, and close for various indices.

Standard & Poor's Index table showing high, low, close, and change.

NASDAQ Diary table listing advanced, declined, unchanged, and new issues.

AMEX Stock Index table showing high, low, close, and change.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

N.Y. Stocks Fall on Rate Fears

NEW YORK — Prices retreated in moderate trading on the New York Stock Exchange on Monday, dragged down in the early going on profit taking and pressured throughout the session by concerns over higher interest rates. The Dow Jones industrial average fell 11.56 to close at 2,117.89. The Dow rose 23.30 last week. Declines led advances by about a 9-5 ratio. Volume totaled 156.21 million shares, down from 199.71 million traded on Friday. Broader market indexes also lost ground. The NYSE composite index fell 0.83 to 152.83. Standard & Poor's 500-stock index fell 1.54 to 270.51. The price of an average share fell 18 cents. The Dow dropped about 15 points in the first 30 minutes of trading. It cut the deficit to around 8 points shortly before midday and then tumbled about 25 points before stabilizing and trimming the losses in midafternoon trading. "This market battled the bond market's weakness all day long," said Jon Groveman, head of equity trading at Ladenburg, Thalmann & Co. in New York. "One has to see this as a remarkable performance when you consider the pressure on bonds," Mr. Groveman said. "It's been this way for the last month or so. It's a battle between favorable earnings and higher interest rates." Gene Seagle, director of technical research at Gruntal & Co., said, "The early weakness appeared tied to the action by the British banks to raise rates."

Responding to a signal from the Bank of England, several major British banks Monday raised their base lending rates to 10.5 percent from 10 percent. The move by the Bank of England generated the sixth half-point increase in rates since the beginning of June, when base rates were 7.5 percent. "There remains some fear that the Fed might move to tighten further," Mr. Seagle said. "But I feel most of that is out of the way, at least ahead of the election, and the market is not subject to a discount rate hike." Mr. Seagle said the market remained in a "consolidation" phase and the "jagged action" of late could be tied to sporadic futures-related buy and sell programs. "The market is fighting time right now," Mr. Seagle said. "Standing offstage is some powerful reinvestment from Japan because of the stronger dollar." "When that starts moving, it will generate greater interest on the part of the institutions, and that will move on to the public. And the favorable second-quarter earnings will also bolster a positive market psychology." Pacificorp was the most active issue, off 1/4 to 35 1/4. Idaho Power followed, up 1/4 to 21 1/4. Centene Energy ex-dividend was third, down 1/4 to 15. AT&T was unchanged at 26 1/4. IBM was down 1/4 to 125 1/4.

Table A: NYSE Most Active Stocks (continued)

Table B: NYSE Most Active Stocks (continued)

Table C: NYSE Most Active Stocks (continued)

Table D: NYSE Most Active Stocks (continued)

Table E: NYSE Most Active Stocks (continued)

Table F: NYSE Most Active Stocks (continued)

Table G: NYSE Most Active Stocks (continued)

Table H: NYSE Most Active Stocks (continued)

Table I: NYSE Most Active Stocks (continued)

Table J: NYSE Most Active Stocks (continued)

Table K: NYSE Most Active Stocks (continued)

Table L: NYSE Most Active Stocks (continued)

Table M: NYSE Most Active Stocks (continued)

Table N: NYSE Most Active Stocks (continued)

Table O: NYSE Most Active Stocks (continued)

Table P: NYSE Most Active Stocks (continued)

NEW YORK — In spite of savings and loan institutions' warning of the industry's mounting thrift industry stocks... Some Thrift Stock Good Value. Crisis By Phillip H. White

TWO OTHER markets favored in the West Coast and Florida... The California stock closed at \$27 1/4 a share... Federal Reserve's move to raise rates...

Financial data section including Interest Rates, Currency Values, and Forward Rates.

(Continued on next left-hand page)

AMEX Most Active and AMEX Stock Index tables with various stock symbols and prices.

WALL STREET WATCH

Some Thrift Stocks Offer Good Value, Crisis or Not

By PHILLIP H. WIGGINS New York Times Service

NEW YORK — In spite of the recent failures among savings and loan institutions and the consequent shunning of the industry by many investors, several select thrift industry stocks continue to offer good value, according to some industry experts.

Investors have not separated the wheat from the chaff among thrifts and, as a result, some higher-quality issues are sharply undervalued, said Jerome Baron, senior thrift industry analyst at Prudential-Bache Securities.

Many of these companies, most of them traded over the counter, offer a strong return on assets, or ROA, and return on equity, or ROE. A return of 0.75 to 0.80 percent on assets is the generally accepted benchmark for a solid performance by a savings institution, while a return on equity of 10 to 13 percent is considered healthy.

Greyhound Climbs an Uphill Road to Revival

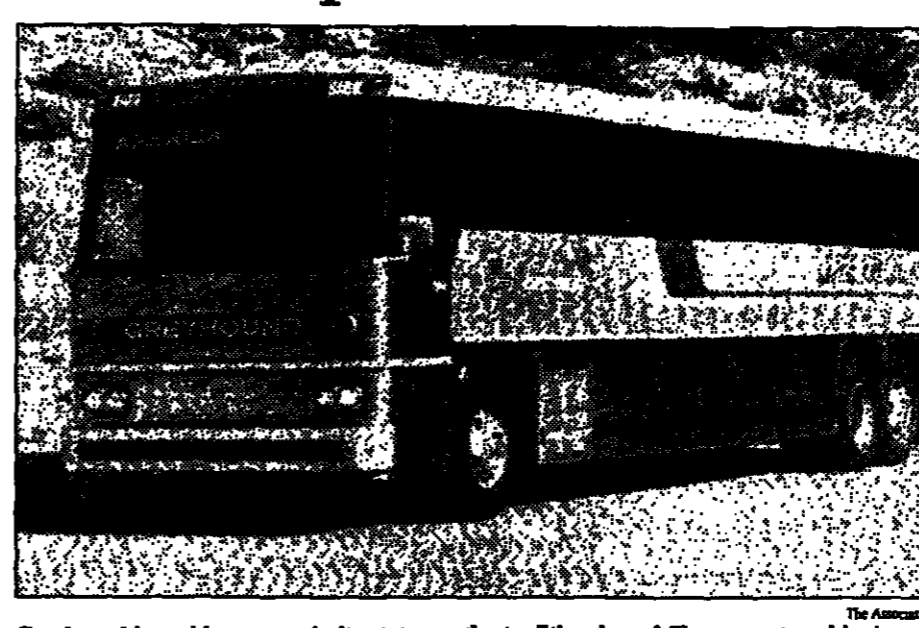
Bus Line Hopes To Alter Travel Habits in U.S.

By Robert E. Dallos Los Angeles Times Service

DALLAS — When People Express Airlines died, Fred G. Curry was not among the mourners. In fact, the demise of the no-frills, discount airline in late 1986 was good news for the Dallas entrepreneur. He had just announced that, together with a group of other businessmen, he was going to buy virtually all of Greyhound Corp.'s unprofitable bus operations.

When it made its \$270 million investment, Mr. Curry's group, called GLI Holding Co., had high hopes of luring passengers back to riding buses, which had once been the traditional low-cost, no-frills way to travel long distances in the United States.

Now, the Curry investors, slowly but surely, seem to be bringing people back to the bus. "There is still a long way to go. Many of Greyhound Lines' terminals are in adequate shape. Greyhound lacks an adequate national computer system, its relations with its unionized employees still leave something to be desired, and it is losing some of its share of the competitive small-package delivery business.



Greyhound is seeking to regain its status as the traditional, no-frills way to travel in America.

cutting fares. Greyhound began improving its facilities. At least \$65 million was spent in the first 12 months on new equipment. The fleet was expanded for the first time in seven years with the purchase of 325 buses, and an additional \$6 million was spent to refurbish and upgrade older vehicles.

Long-neglected bus terminals have been cleaned up, and some have been moved out of the worst parts of cities so travelers will feel safer getting to the buses. In 1987, \$25 million was spent on terminals and a like amount will be

"We knew that passengers require a very simplistic, sometimes difficult to deliver, formula," Mr. Curry said. "They want a clean and safe terminal, a clean and safe ride and a destination reached on time. And they are interested in price."

He said ridership had been declining for years while the bus company was owned by Greyhound Corp. of Phoenix, Arizona. The conglomerate had lost interest in its bus business, he said, and was trying to shrink it, selling 2,840 of its 5,500 vehicles, among other assets.

revenue passenger miles, or the number of miles ridden by paying passengers. In 1979, Greyhound's number of paying passenger miles, restated to include the bus system of Trailways Lines of Dallas, which GLI bought last year for \$80 million, totaled 11 billion miles (17.7 billion kilometers).

By 1986, this had declined dramatically to slightly more than 6 billion. It rose about 3 percent in 1987, and Mr. Curry estimates a 2.4 percent rise in 1988 to a total of 6.3 billion.

As a result, after many years of losses while it was owned by Greyhound Corp., Mr. Curry said, the new Greyhound Lines is beginning to show a profit.

GLI as a private company, does not have to make its profit figures public. Nevertheless, Mr. Curry said the bus operations were "marginally profitable in 1987 — sufficient to make the improvements necessary." He predicted that 1988 would be "very successful financially."

The company had revenue of about \$800 million last year, he said, a figure he expects to rise 5 percent to \$850 million this year.

Mr. Curry acknowledged, however, that there are other obstacles the bus company must overcome before business really surges. For one thing, there are too many other, non-bus, competitors.

"Darn near everybody in this country has an alternative," he said. "We can wait for a cousin or brother to drive, 'We can drive ourselves.' Or, very importantly, if we don't treat the passengers right, they can always stay at home. They can use the

The traditional measurement of the intercity bus business is revenue passenger miles, or the number of miles ridden by paying passengers. In 1979, Greyhound's number of paying passenger miles, restated to include the bus system of Trailways Lines of Dallas, which GLI bought last year for \$80 million, totaled 11 billion miles (17.7 billion kilometers).

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Central Banks Intervene to Slow Dollar Rise

By Warren Getler International Herald Tribune

LONDON — Coordinated U.S. and European central bank intervention dented the dollar's rise Monday, but economists said the currency was positioned to climb further against the Deutsche mark and the yen in the absence of more forceful dollar sales or monetary tightening by the chief U.S. trading partners.

The round of intervention on Monday was described by traders as limited, with the noted absence of Japan's central bank, which instead raised short-term interest rates to support the yen.

But the intervention activity pushed the dollar below its Friday close against the Deutsche mark and yen after it had climbed to an 11-month high against the West German currency and an eight-month high against the Japanese unit in earlier trading.

A half-point increase in British banks' key base lending rates at midday Monday and expectations of a slight increase Tuesday in a West Germany money-market interest rate had no effect on the dollar, traders and economists said.

The dollar rose to 1.8820 DM in London from its close of 1.8755. The U.S. currency edged lower against the yen, falling to 134.80 from 135.25 on Friday. But the dollar rose to 1.5630 Swiss francs from 1.5560 and to 6.3375 French francs from 6.3075.

The pound rose to \$1.6695 from \$1.6630. In later trading in New York, the dollar closed lower against the major currencies. It fell to 1.8735 DM from 1.8805 on Friday, and to 134.45 yen from 135.35.

The dollar also fell to 1.5545 Swiss francs, down from 1.5575 on Friday, and it dropped to 6.3200 French francs from 6.3465. The pound rose to \$1.6755 from \$1.6615.

In addition to the U.S. Federal Reserve System, participants in the concerted open-market moves against the dollar included the Bank of England, the Belgian National Bank, the Swiss National Bank and the Bank of Italy.

The Fed was believed to have sold a modest amount of dollars for marks on three separate occasions, but the Bundesbank, which has been selling dollars repeatedly on a large scale since early June, came in with substantial volumes of dollar reserves, sources said.

"This intervention, which brought the dollar back a penny or so on news that the Fed was involved, was meant more to temper the dollar's rise than to put an absolute brake on it," said Bill Doyle, an economist with Fuji Bank Ltd. in New York.

Fundamentally, he said, the Reagan administration and the Federal Reserve Board do not seem willing to undermine the dollar's recent firm tone.

"I don't think the Reagan administration wants to see the dollar get too strong — that would be counterproductive to the trade figures," he said. "But they don't want it to go down. The net effect of a weaker dollar would be worse, in their mind, than a stronger dollar, in terms of the uncertainty it would create on our equity market and bond markets."

A surge in the dollar's value against the mark and yen on Friday See DOLLAR, Page 13

Capacity Use Up 0.2% for June in U.S.

United Press International WASHINGTON — U.S. factories operated at 83.1 percent of their capacity in June, up 0.2 percent from May to reach the highest level in more than eight years, the Federal Reserve reported Monday.

The brisk rate is another indication that export-led U.S. economic activity is pushing toward the upper limits of what many factories can handle without expanding or becoming unable to meet demand. That could set off a round of inflation, many analysts warn.

Currency Rates

Table of currency rates for various countries including Amsterdam, Frankfurt, London, Milan, New York, Paris, Zurich, etc.

Interest Rates

Table of interest rates for Eurocurrency deposits, key money rates, and U.S. money market funds.

Gold

Table of gold prices in various currencies including Hong Kong, London, Paris, Zurich, and New York.

Oil Prices Spurt on Iran's Acceptance of Call for Cease-Fire

Compiled by Our Staff From Dispatches

NEW YORK — Oil prices rose by more than \$1 a barrel during trading Monday after Iran said it had accepted a UN Security Council cease-fire resolution and rumors that OPEC's price monitoring committee might meet soon.

A spokesman in Vienna for the Organization of Petroleum Exporting Countries said a possible meeting of the group's price committee was being discussed but a date had not been set.

Despite the higher prices, analysts said peace between Iran and Iraq could eventually send oil prices sharply lower.

West Texas Intermediate crude oil jumped as high as \$15.90 a barrel before retreating to \$15.70 at the close on the New York Mercantile Exchange, an advance of 84 cents a barrel above the Friday close.

Prices also rose in London. North Sea Brent crude, which reached \$16 a barrel at its highest point, was 75 cents a barrel higher in late trading, changing hands at \$14.95.

"Both the Iraqis and the Iraqis have traditionally been OPEC price hawks," agreed Steve Turner, oil analyst at Smith

New Court Ltd., a brokerage in London. "Both will need money to repair war damage. We have seen that maximizing production has not helped revenues recently. Prices have fallen too far."

A peace, analysts said, might free OPEC from politically tinged conflicts between Iran and Iraq, which is backed by a number of other Arab members of the cartel.

Saudi Arabia, according to Middle East diplomats, has feared a victory over Iraq by the fundamentalist Shiite Muslims of Iran. It has therefore not used its power in OPEC to help persuade Iraq to comply with cartel output accords.

Iran has alleged the Saudis favored over-production to depress prices and thus starve Iran of revenue.

Saudi policy might now be more militant on prices, a view that pushed spot oil trading sharply higher, especially in early trading.

But that view was counter to conventional oil industry wisdom in recent years, which has held that ending the Gulf War would free the belligerents to step up their exports and would thus almost certainly add to the current world surplus.

Iran alone could add about 2.5 million barrels daily to OPEC crude oil supply. OPEC output in the second half of 1988 is already seen by many analysts as likely to run at around 19 million barrels a day, about half a million barrels more than refiners are thought to need.

A key issue is whether Iraq, in the event of peace, would submit to OPEC output rules. "Short term, a cease-fire would probably be quite good news for the oil producers," said Peter Nicol, an analyst with Chase Manhattan Bank in London.

But further ahead, he said he saw problems getting Iraq back into OPEC's quota system. It has refused to accept any production quota because OPEC would not give it one as big as that of Iran.

A senior Gulf-based oil executive took the view that "the problem of oversupply will not go away."

"Both Iran and Iraq will now need money to rebuild port facilities, at the shattered Iraqi port of Basra and all the way down the Iranian coast," he said. "In particular, large amounts of cash will be necessary to rebuild the whole Iranian oil economy."

He said he thought that, despite a temporary rise in crude prices, the news would probably reduce oil prices by \$2 a barrel.

Subroto, OPEC's secretary-general and former energy minister of Indonesia, was traveling to Mecca on Monday. He is making a tour of OPEC members.

Mr. Subroto then plans talks with United Arab Emirates leaders, who have refused to stick to their OPEC quota of 948,000 barrels a day, arguing that their limit should be 1.5 million barrels a day.

Canadian Oil Fact Is Signed The Canadian federal government, that of Newfoundland and five oil companies signed an agreement to develop the Hibernia oil field off the east coast of the province as part of a project estimated to cost \$5 billion Canadian dollars (\$7 billion), Reuters reported from St. John's, Newfoundland.

Prime Minister Brian Mulroney said Canada would provide \$26 million dollars in grants and up to 1.3 billion dollars in loan guarantees.

The field, discovered in 1979, is expected to produce 110,000 barrels of crude oil a day starting in 1995.

2d-Quarter Earnings Improve at 3 U.S. Banks

United Press International

NEW YORK — Three of the 10 leading U.S. banking companies reported improved second-quarter earnings on Monday, reversing huge losses from loans to developing nations in last year's second quarter.

Chase Manhattan Corp., the New York parent of the second largest U.S. bank, posted second-quarter earnings of \$224 million, or \$2.45 a share, compared with a loss of \$1.4 billion, or \$16.98 a share.

Midyear earnings totaled \$501 million, or \$5.53 a share, compared with a loss of \$1.3 billion, or \$15.94 a share, a year earlier.

Chase, second in assets only to Citicorp, said its quarterly earnings included after-tax income of \$69 million from the sale by its Chase Manhattan Investment Holdings Inc. subsidiary of its equity interest in Cain Chemical Inc.

Quarterly net interest income decreased to \$782 million from \$804 million the year before. Net interest income at midyear dropped to \$1.55 billion from \$1.58 billion.

Loan-loss provisions were reduced to \$150 million from \$1.7 billion the year before. Deposits for the quarter totaled \$63 billion, down from \$66.5 billion in 1987.

Huge loan-loss provisions contributed to losses totaling a record \$1.5 billion at the 14 biggest U.S. banks in the second quarter last year.

J.P. Morgan & Co. posted second-quarter earnings of \$228.7 million, or \$1.23 a share, compared with a loss of \$586.4 million, or \$3.29 a share, a year earlier.

At midyear, earnings totaled \$501.1 million, or \$2.75 a share, compared with a loss of \$360 million, or \$2.05 a share. Net interest income, however,

decreased to \$382.5 million from \$408.1 million the year before. Credit loss provisions decreased to \$30 million from \$875 million in the second quarter of 1987. The allowance from credit losses totaled \$1.51 billion, down from \$1.57 billion the year before.

Loan charge-offs related to restructuring debts to developing nations totaled \$5 million, compared with \$77 million in 1987.

Manufacturers Hanover Corp. reported earnings of \$403.1 million, or \$7.93 a share, compared with a loss of \$1.37 billion, or \$32.96 a share.

Midyear earnings totaled \$543.4 million, or \$10.52 a share, compared with a loss of \$1.29 billion, or \$31.28 a share, during the same period last year, in which the bank earmarked \$1.7 billion for possible losses on loans to developing nations.

Net interest income declined during the quarter to \$463.9 million from \$503.4 million. The quarterly reserve for credit losses stood at \$2.53 billion, compared with \$2.7 billion the year before. Quarterly deposits totaled \$43.3 billion, down from \$44.8 billion.

Swiss Firm Schindler to Buy Westinghouse Elevator Unit

Compiled by Our Staff From Dispatches

HERGISWIL, Switzerland — Schindler Holding AG, a Swiss elevator maker, announced on Monday its planned acquisition of the elevator and escalator operations of Westinghouse Electric Corp. of the United States.

The Westinghouse elevator unit has revenue of \$500 million a year. Schindler has annual sales of \$1.2 billion.

The Swiss company said it signed a letter of intent but did not disclose the price or other financial arrangements. It said more information would be released in the fall.

The Westinghouse elevator and escalator operations, located primarily in the United States, employ about 5,500 people.

Westinghouse, seeking to divest itself of unprofitable operations, has joined in a series of ventures with European companies in recent months. It and the Swedish-Swiss engineering group ABB announced in April that they were forming a venture in North America for power generation and transmission.

Also in April, Westinghouse and Siemens AG of West Germany agreed to a venture in the making and sale of industrial systems. (UPI, AP)

Advertisement for Audemars Piguet watches, featuring 'THE ROYAL OAK' and 'Audemars Piguet' branding.

Advertisement for Business School Lausanne, offering computer and information systems courses.

Monday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect floor trades elsewhere.

12 Month High	Low	Stock	Div. Yld. %	PE	52 Week High	Low	Close	Change
130	120	IBM	4.0	12	130	120	125	+5
100	90	AT&T	5.0	15	100	90	95	+5
80	70	GE	4.0	10	80	70	75	+5
60	50	Ford	3.0	8	60	50	55	+5
40	30	Merck	2.0	6	40	30	35	+5
20	10	Johnson & Johnson	3.0	12	20	10	15	+5

12 Month High Low Stock Div. Yld. % PE 52 Week High Low Close Change

100	90	IBM	4.0	12	100	90	95	+5
80	70	AT&T	5.0	15	80	70	75	+5
60	50	GE	4.0	10	60	50	55	+5
40	30	Ford	3.0	8	40	30	35	+5
20	10	Merck	2.0	6	20	10	15	+5

(Continued)

12 Month High	Low	Stock	Div. Yld. %	PE	52 Week High	Low	Close	Change
100	90	IBM	4.0	12	100	90	95	+5
80	70	AT&T	5.0	15	80	70	75	+5
60	50	GE	4.0	10	60	50	55	+5
40	30	Ford	3.0	8	40	30	35	+5
20	10	Merck	2.0	6	20	10	15	+5

12 Month High Low Stock Div. Yld. % PE 52 Week High Low Close Change

100	90	IBM	4.0	12	100	90	95	+5
80	70	AT&T	5.0	15	80	70	75	+5
60	50	GE	4.0	10	60	50	55	+5
40	30	Ford	3.0	8	40	30	35	+5
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(Continued)

12 Month High	Low	Stock	Div. Yld. %	PE	52 Week High	Low	Close	Change
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80	70	AT&T	5.0	15	80	70	75	+5
60	50	GE	4.0	10	60	50	55	+5
40	30	Ford	3.0	8	40	30	35	+5
20	10	Merck	2.0	6	20	10	15	+5

U.S. Futures

Via The Associated Press

Symbol	High	Low	Open	High	Low	Close	Change
WHEAT (CBT)	4.85	4.75	4.80	4.85	4.75	4.80	+5
SOYBEANS (CBT)	1.15	1.10	1.12	1.15	1.10	1.12	+5
CORN (CBT)	1.35	1.30	1.32	1.35	1.30	1.32	+5

(Continued)

Symbol	High	Low	Open	High	Low	Close	Change
WHEAT (CBT)	4.85	4.75	4.80	4.85	4.75	4.80	+5
SOYBEANS (CBT)	1.15	1.10	1.12	1.15	1.10	1.12	+5
CORN (CBT)	1.35	1.30	1.32	1.35	1.30	1.32	+5

U.S. Treasuries

Symbol	High	Low	Open	High	Low	Close	Change
3-Month Bill	4.85	4.75	4.80	4.85	4.75	4.80	+5
6-Month Bill	4.85	4.75	4.80	4.85	4.75	4.80	+5
1-Year Note	4.85	4.75	4.80	4.85	4.75	4.80	+5

(Continued)

Symbol	High	Low	Open	High	Low	Close	Change
3-Month Bill	4.85	4.75	4.80	4.85	4.75	4.80	+5
6-Month Bill	4.85	4.75	4.80	4.85	4.75	4.80	+5
1-Year Note	4.85	4.75	4.80	4.85	4.75	4.80	+5

Stock Indexes

Index	High	Low	Open	High	Low	Close	Change
Dow Jones	2,850	2,800	2,820	2,850	2,800	2,830	+30
S&P 500	350	340	345	350	340	348	+8

(Continued)

Index	High	Low	Open	High	Low	Close	Change
Dow Jones	2,850	2,800	2,820	2,850	2,800	2,830	+30
S&P 500	350	340	345	350	340	348	+8

Company Results

Revenue and profits or losses, in millions, are in fact currencies unless otherwise indicated.

(Other Earnings on Page 11)

Company	1988	1987	1986
Crester Financial	1988	1987	1986
Revenue	1,200	1,100	1,000
Net Inc.	150	140	130
Per Share	1.50	1.40	1.30
Northwest Savings	1988	1987	1986
Revenue	1,100	1,000	900
Net Inc.	140	130	120
Per Share	1.40	1.30	1.20
Dover	1988	1987	1986
Revenue	1,000	900	800
Net Inc.	130	120	110
Per Share	1.30	1.20	1.10
Eastman Kodak	1988	1987	1986
Revenue	900	800	700
Net Inc.	120	110	100
Per Share	1.20	1.10	1.00

NSE High-Lows

Source: Reuters

Symbol	High	Low	Open	High	Low	Close	Change
IBM	130	120	125	130	120	125	+5
AT&T	90	80	85	90	80	85	+5
GE	70	60	65	70	60	65	+5

AMEX High-Lows

Source: Reuters

Symbol	High	Low	Open	High	Low	Close	Change
IBM	130	120	125	130	120	125	+5
AT&T	90	80	85	90	80	85	+5
GE	70	60	65	70	60	65	+5

United Telecom to Buy GTE's Stake in Sprint

By Reuters

STAMFORD, Connecticut — GTE Corp. said Monday that it had agreed in principle to sell its stake in the unprofitable US Sprint Communications Co. to United Telecommunications Inc., its partner in the US Sprint venture, for about \$600 million.

US Sprint is the third largest U.S. long-distance company after American Telephone & Telegraph Co. and MCI Communications Corp.

Sprint, founded in July 1986, is a 50-50 venture of United Telecommunications and GTE. Its persistent billing problems caused GTE to report a \$121 million loss and United a \$63 million loss arising from Sprint operations in the first quarter of 1987. In the second quarter of that year, Sprint took a charge of \$330 million against earnings.

Chairman Resigns From Alitalia

By Reuters

ROME — Umberto Nordio, the chairman of the state-run airline Alitalia, resigned Monday, ending a long public argument with the airline's parent company.

Alitalia said Mr. Nordio resigned at a board meeting on July 7, directors of the parent company, the holding group Istituto per la Ricostruzione Industriale, called for Mr. Nordio's departure.

His dispute became public when Italian papers printed an agreement exchange of letters between Mr. Nordio and IRI's president, Romano Prodi, over management strategy at Alitalia. The dispute prompted a parliamentary hearing last week into the running of the airline.

Rover Is to Close 2 Plants in U.K.

The Associated Press

LONDON — Rover Group PLC, the British automaker, said Monday that it planned to close two plants in the next few years, cutting 3,400 jobs.

The company, which currently employs 46,400 people, said it would phase out its assembly plant in Cowley South, in central England, by the early 1990s and would shut its pressings factory in Llanelli, Wales, in two years.

British Aerospace PLC has agreed to acquire Rover, which is state-owned, for £150 million (\$250 million). The government is injecting £547 million into the automaker to reduce its debt.

Business Roundup

Match Firm Bids

Matchless, a British motorcycle manufacturer, has received bids from several firms for the company's assets. The bids are expected to be announced in the next few days.

Australian Firm H

Australian firm H... has announced plans to expand its operations in the Asia-Pacific region. The company is currently in the process of negotiating with several potential partners.

Greyhound: A

Greyhound Lines has announced that it will be acquiring a new fleet of buses to improve its service to customers. The new buses are expected to be delivered in the next few months.

Viewpoint

The Commerzbank report... indicates that the German economy is showing signs of recovery. However, there are still concerns about the impact of inflation and unemployment.

West German strong intern

The chemical industry has been one of the main engines of economic growth in West Germany. Although recent years have seen only a modest expansion of economic activity, the sector has managed to hold its own, indeed, it turned in a better performance than manufacturing as a whole in 1987, and will probably outstrip it again this year—which is a clear indication of the sector's efficiency.

With an export ratio of over 50%, the West German chemical industry is one of the country's most export-intensive sectors; in fact, virtually all job in two depends on foreign orders. In 1987, deliveries abroad were worth DM 70 billion, thanks not least to the industry's broad array of products and its highly developed know-how in the fields of production and process engineering. Two-thirds of West German chemical exports go to Western Europe, a further 10% to the U.S. dollar zone, and just over 3% to Japan.

Despite its strong export orientation, the chemical industry has been able to cope more effectively than other sectors with the adverse effects of the U.S. dollar's slide, primarily because of reduced production costs. Naturally, the weaker dollar has made exporting more difficult; German firms are now up against tougher competition in world markets—above all, from their U.S. rivals. Yet the lower dollar and

BUSINESS ROUNDUP

Dutch Firm Bids for U.K.'s Peachey

Compiled by Our Staff From Dispatches

LONDON — The Dutch real estate group Wereldhave NV launched on Monday a hostile takeover bid for the British developer Peachey Property Corp., valuing the company at £265 million (\$400 million).

Wereldhave, which already holds 10.4 percent of Peachey, is offering 612 pence in cash for each additional share.

Peachey said management had been approached by Wereldhave last week but had decided not to comment on the offer.

Wereldhave said Monday that it had decided no such agreement was likely and so it went ahead with an offer.

Peachey shares rose 12 pence to close at 620 pence each on the London Stock Exchange.

After the bid was announced, Peachey said it fell far short of a figure its board could recommend.

Wereldhave said its offer was 27.4 times Peachey's historic earnings per share.

Peachey's pretax profit was £11.7 million in the fiscal year ended June 30, 1987, against £10.2 million the previous year.

The developer's net assets were £182.2 million, or 421 pence a share, adjusted for a rights issue in September 1987.

At year-end, its property portfolio, entirely in Britain, was 53 percent in retail, 37 percent in offices, 9 percent in industrial and 1 percent in residential property.

Robins Plan Is Approved By 2 Groups

RICHMOND, Virginia — A.H. Robins Co. stockholders have overwhelmingly voted in favor of a reorganization plan that sets up a \$2.5 billion trust fund to settle lawsuits over the birth control device, a Robins lawyer told federal judges on Monday.

Dennis Drebsky, the lawyer, said 98.34 percent of the Dalkon Shield claimants approved the plan, which includes a \$3.2 billion purchase of Robins by American Home Products Corp.

More than 19 million, or 99.95 percent, of Robins' common stockholders also voted in favor of the plan.

Robins was driven into Chapter 11 bankruptcy proceedings by hundreds of thousands of claims filed by women who said they suffered infections, spontaneous abortions and other injuries from the use of the Dalkon Shield intrauterine device, which Robins marketed in the early 1970s.

The reorganization plan calls for claimants to receive payments from Robins, American Home Products and Aetna Casualty & Surety Co., which carried liability insurance on the Dalkon Shield.

The takeover agreement provides for the New York-based American Home Products to pay Robins shareholders \$700 million in stock while paying Robins business creditors in full.

U.S. Bank Board Shuts Bankrupt Thrift Unit in California

WASHINGTON — The Federal Home Loan Bank Board said Monday that it had closed the bankrupt Farmers Savings of Davis, California, and was prepared to make direct payments of \$324 million to depositors with federally insured accounts.

The bank board said in a statement that Farmers Savings was among the top 10 U.S. thrifts paying high interest rates and was keeping the cost of money for healthy institutions at unnecessarily elevated levels.

Farmers was a prime example of a bankrupt thrift offering exorbitant rates that in turn forced the healthy industry to raise their own rates.

The savings and loan association was closed shortly after it opened for business on Monday so that the Federal Savings and Loan Insurance Corp. could begin disbursing payments to depositors on Tuesday, the agency said.

Farmers had assets of \$181.5 million on May 31, but its liabilities totaled \$334.7 million, leaving negative capital of \$153.2 million, the bank board said.

Originally a state stock association, Farmers was placed into receivership in October 1985 as a result of unsafe and unsound business practices, the bank board said.

It was placed in a special management program and converted into a federal mutual association.

The bank board has resolved 44 cases of insolvent thrifts so far this year, including 15 in which insurance settlements occurred.

The action on Monday followed a record \$1.35 billion closing of two thrifts in California last month. At the time the bank board closed North American Savings & Loan Association and American Diversified Savings Bank, the agency said it viewed the action as the opening of a second front in an offensive against high interest rates that it started in May.

The first round of actions was in the Southwest states, which have the largest concentration of ailing thrifts.

Troubled institutions often pay high rates of interest to attract deposits, which tends to push up the returns other thrifts in their regions must offer.

Earlier this month, the bank board estimated that the cost of rescuing troubled thrifts nationwide would be \$42.5 billion through 1994.

SAVE: Some Thrifts Offer Good Value, Crisis or Not

(Continued from first finance page) fiscal year ending Nov. 30, up from last year's \$1.11 a share. The stock closed Friday at \$12.75 a share.

Dime Savings of Wallingford, a strong lender to builders, has benefited from soaring property values in its area. Dime is also insured by the Federal Deposit Insurance Corp. and thus avoids financial problems of the Federal Savings

and Loan Insurance Corp., which some experts say could be a drag on future earnings in the thrift industry.

Dime has paid a dividend every quarter since it went public in July 1986, and the annual dividend rate of 80 cents a share represents a yield of 5.8 percent.

According to Samuel J. Beebe of the Williams Securities Group Inc. in Tampa, Florida, Dime's earnings should rise to \$1.35 a share in 1988 from \$1.27 in 1987.

Prospect Park Financial, with assets of more than \$500 million, has developed a strong niche in local residential real estate development on a small scale.

According to Gregg Novak of Ryan, Beck & Co., much of the real estate portfolio was acquired at prices well below current market value.

Australian Firm Has Swazi Chrome Project

SYDNEY — Australian Overseas Mining Ltd. said Monday that it would lead an international consortium considering the development of a large ferrochromium plant in the southern African nation of Swaziland.

The Swazi government has granted approval for a plant with an initial annual capacity of 200,000 metric tons of ferrochromium, Australian Overseas said.

Ferrochromium is added to iron and nickel to produce alloys that are resistant to corrosion and rust.

Australian Overseas, as project manager, will immediately begin a final feasibility study, expected to take three months. Approval is expected before the end of this year, which would lead to production starting by late 1990, it said.

Australian Overseas said the project contains more than 50 million metric tons of chromite ore and is close to large reserves of coal — currently in production but below capacity — and to modern rail facilities.

The company statement did not specify where the chromite ore is. Swaziland is not a major producer of chromite, but South Africa, which it borders, is a leading supplier.

Company Results

Revenue and profits or losses, in millions, are in local currencies unless otherwise indicated.

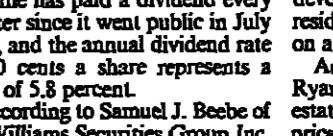
Table with columns for Company Name, Year, Revenue, Profit, and Per Share. Includes companies like Asahi Chemical, Minolta Camera, Mitsubishi Rayon, NTN Toyo Bearing, NTN Toro Bearing, United States, Alcoac, Boise Cascade, Centre Bancorp, PFCOF/AME, and GEPA Packaging.

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Table showing investment returns with columns for Units sold, Returns per set, Total p.a., and %.

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GREYHOUND: New Owners Put U.S. Bus Lines on Road to Revival

(Continued from first finance page) telephone instead of making a trip.

To induce the people of small-town America to travel, Greyhound is trying something novel, a service called the "rural connection."

It is an effort to restore bus service to many of the smaller communities that have lost it in the past dozen years.

Because there is usually not enough passenger traffic to warrant the use of full-size buses, which cost \$200,000 each, smaller passenger vans bearing the Greyhound symbol are covering the routes.

In much the same way that airlines have instituted hub-and-spoke systems and use smaller, independent airlines as feeders, the new passenger van lines will connect with Greyhound's national network at its larger terminals.

One example of such a venture is a new line that provides twice-a-day van service along a 75-mile circular route around Sandusky, Ohio. The line serves five communities around Sandusky and connects with nine Greyhound bus departures from that city, thus linking travelers with the 12,000 communities on the Greyhound-Trailways network.

Mr. Currey said Greyhound's plan to reconnect rural and urban areas would require no Greyhound investment. The feeder lines will all be operated by independent entrepreneurs, with Greyhound helping them obtain favorable interest rates to start up and lower insurance rates. The Sandusky service, for example, is operated by a small company called Arrow Express.

Arrow has one modified van, which has seating for 12, a compartment for packages and a two-way radio.

"We are going to revolutionize ground transportation all over America," Mr. Currey said, "by bringing bus service back to communities which had lost it. There is no need for such big buses to go into those small communities."

The financial arrangements in the feeder-bus deals are similar to those used by airlines and their regional partners. The small company, for example, receives a share of the total ticket cost and also acts as an agent for Greyhound, receiving a commission of 10 percent to 15 percent for each long-haul ticket sold.

Greyhound Lines' relations with its unions have improved considerably since the Currey investors bought the operation, although salaries were cut radically.

"Many of our people took substantial pay cuts," Mr. Currey said. "Our business objective is to pay market wages wherever we operate; we want to keep our people in the mainstream of American compensation. If we go above that, we would have to raise fares."

"Both Greyhound and Trailways were paying salaries that were not economic. In setting salaries we have to balance the interests of our employees, our capital providers and our customers."

Union officials maintain, however, that the bus company now pays well below standard wages.

But Frank Souza, an official of the International Association of Machinists & Aerospace Workers' District 190, which represents Greyhound mechanics in the Western states, said relations with the company are good.

VIEWPOINT

The Commerzbank report on German business and finance No. 6/88

West German chemical industry: strong international presence

The chemical industry has long been one of the main engines of economic growth in West Germany. Although recent years have seen only a modest expansion of economic activity, the sector has managed to hold its own; indeed, it turned in a better performance than manufacturing industry as a whole in 1987, and will probably outstrip it again this year—which is a clear indication of the sector's efficiency.

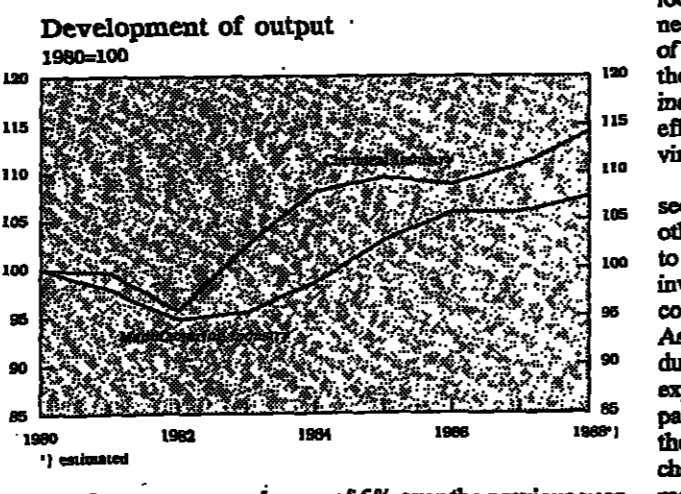
With an export ratio of over 50%, the West German chemical industry is one of the country's most export-intensive sectors; in fact, virtually one job in two depends on foreign orders. In 1987, deliveries abroad were worth DM 70 billion, thanks not least to the industry's broad array of products and its highly developed knowhow in the fields of production and process engineering.

Two-thirds of West German chemical exports go to Western Europe, a further 10% to the U.S. dollar zone, and just over 3% to Japan.

Despite its strong export orientation, the chemical industry has been able to cope more effectively than other sectors with the adverse effects of the U.S. dollar's slide, primarily because of reduced production costs. Naturally, the weaker dollar has made exporting more difficult; German firms are now up against tougher competition in world markets—above all, from their U.S. rivals. Yet the lower dollar and

cheaper oil have brought down the prices of the sector's petroleum-based production inputs. At the same time, the prices for other raw materials and feedstocks bought on world markets and paid for in dollars have also declined. In 1986 alone, for example, West Germany's three leading

funds committed to research and development. Indeed, with a 10% share of gross value added, the sector accounts for a full 12% of all industrial investment in West Germany. In 1987, its gross investments in fixed assets in West Germany totalled DM 8.5 billion, an increase



chemical concerns saved an estimated DM 5 billion in this way. These cost reductions enabled the sector to hold its export prices at competitive levels despite the appreciation of the D-mark. As producer prices fell by 8% between 1985—and the start of 1988, lower costs have helped the sector to maintain its good earnings performance—and here it has fared better than other export-intensive sectors.

The resilience of the chemical industry is bound up with its high level of capital spending and the extensive

With pollution a matter of growing concern worldwide, investment in environmentally safe production processes and equipment is a must, and firms which utilize such technologies to supply their customers with environmentally sound products can look forward to future business expansion. Today, 10% of the capital spending of the West German chemical industry is channelled into efforts to protect the environment.

The German chemical sector was also quicker than other branches of industry to realize that direct foreign investments were a necessary complement to its exports. As a result, it now has production facilities in all the expanding markets abroad, particularly in the U.S.—easily the largest single market for chemical products—and, more recently, in the Far East, concentrating on Japan. Through this stronger focus on foreign production, the major German chemical companies have developed into true multinationals, with exports and sales of products manufactured abroad currently accounting for about two-thirds of the group turnover of the three largest firms.

5% over the previous year, and in 1988 they will reach a record DM 9 billion. Complementing these expenditures at home are the industry's investment outlays abroad, which were equivalent to roughly DM 4.5 billion in 1987. Moreover, R&D spending amounted to DM 9 billion in 1987—or 5.3% of the industry's overall sales, as against

4.5% in the U.S. chemical sector, and 3.5% in Japan. Thanks to the high standards it has achieved in product innovation and process engineering, the West German chemical industry can confidently expect its growth to continue.

Focus on environmental protection

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COMMERZBANK German knowhow in global finance

VIEWPOINT is presented as a regular service to the international business and financial community by the Economics Department of Commerzbank, P.O. Box 100535, D-6000 Frankfurt/Main 1.

DIVESTITURE OF SELECTED STATE-OWNED ENTERPRISES IN GHANA INVITATION TO INTERESTED INVESTORS

PREAMBLE: Ghana presently has no less than 181 State-owned Enterprises (SOEs) which are either wholly State-owned, or in which Government holds majority shares. In addition, there are 64 enterprises in which government is a minority shareholder.

Almost each one of these enterprises is in need of recapitalisation and rehabilitation in order to achieve improved viability. To undertake the retuning of all these enterprises alone, in the face of the many other competing demands, the government will have to resort to additional large scale external borrowing. This will obviously worsen the national debt situation and introduce additional hardship on the people.

To avert this situation the government has decided to mobilise available non-governmental resources for this purpose by inviting interested legal entities with the means to JOIN it in operating these enterprises. The invitation for EQUITY PARTICIPATION constitutes the government's DIVESTITURE PROGRAMME.

Through the participation scheme, the Government hopes to mobilise resources to strengthen the SOEs selected for the programme while we disburse budgetary resources to support the many strategic State-owned enterprises, which government wishes to continue to own wholly. Adequate safeguards have been designed to maintain the interests of the nation, the enterprises themselves, and their workforces under the programme.

Table with columns: NAME OF ENTERPRISE, BUSINESS, NAME OF ENTERPRISE, BUSINESS. Lists various state-owned enterprises like State Fishing Corporation, Ghana Sugar Estates Ltd., etc.

Consideration may also be given to applications to participate in other SOEs, which are not in the strategic bracket provided that such applications provided for improved operation and viability of the enterprises concerned. List of SOEs in the strategic Group is kept at the Divestiture Implementation Committee Secretariat.

MANAGEMENT OF THE DIVESTITURE PROGRAMME: The government has appointed a 12 member Divestiture Implementation Committee to manage the programme. In addition to representatives of relevant Ministries and other government organisations, the Divestiture Implementation Committee has representatives from the TUC and the CDR.

The Divestiture Implementation Committee will receive all applications from prospective investors and negotiate terms for the final consideration of the PNDC. The Secretariat of the Divestiture Implementation Committee is located at the offices of the State Enterprises Commission at the North Kaneshie Industrial Area. Applications, enquiries, etc. should be addressed to: The Chairman Divestiture Implementation Committee (DIC) c/o State Enterprises Commission P.O. Box M.393 Accra. Telephone: 021-229857/220883 Telex 2531 SEC GH

NEGOTIATION PROCEDURES: a) The Divestiture Implementation Committee will study investment applications with representatives of the appropriate sector Ministry in the first instance. b) Labour relations negotiations will ensure that the divestiture package incorporates provisions which safeguard the rights of the labour force in the enterprise. c) The Divestiture Implementation Committee will submit its recommendations for the approval of the PNDC.

INVESTMENT CONCESSIONS: Investment proposals which meet the criteria set out in the Investment Code, PNDC Law 116, will be allowed to benefit from tax and other concessions available in the code.

NOTE: Where there are several competing applications in respect of a particular enterprise, advance notice of a closing date for the acceptance of further applications will be given by public announcement.

ISSUED BY THE DIVESTITURE IMPLEMENTATION COMMITTEE OF THE GOVERNMENT OF GHANA

CURRENCY MARKETS

DOLLAR: Intervention Dents Rise of Dollar, but Stronger Moves Could Be Needed

(Continued from first finance page)

followed news of a narrower than expected \$10.93 billion trade deficit for the U.S. in May.

Observed Brendan Brown, chief economist with CountyNatWest Investment Bank in London: "There's nothing to suggest that this was anything more than token intervention by the Fed, designed to show some international goodwill to the Bundesbank. It amounts to a drop in the bucket for the Fed."

Mr. Brown said he expected that the Bundesbank, after the limited effect of the currency intervention, would increase its key rate by more than the widely expected quarter of a percentage point on Tuesday. He said the short-term

London Dollar Rates

Table with columns: Currency, Bid, Ask, P/L. Includes Deutsche mark, Swiss franc, French franc, etc.

repurchase rate may be increased to 4.25 percent, from its current 3.75 percent level, as an anti-inflationary move.

The stronger dollar threatens to stoke inflation among U.S. trading partners that import dollar-denominated raw materials and other goods. Its firmer tone against most major currencies generated expectations that other countries would raise interest rates, which would tend to make assets denominated

in their currencies more attractive relative to the dollar.

Many analysts, however, are now predicting that levels above 1.90 DM, last seen in December 1986, are still within easy reach, barring a rigorous round of interest rate hikes by West Germany. The mark has been sagging against the dollar since mid-May. A dollar/yeen rate approaching 140 yen is not unthinkable, they added, again depending on further monetary tightening by the Bank of Japan.

Aside from growing confidence in U.S. economic performance, the dollar is being supported by the lack of firm intervention by U.S. and Japanese authorities, leading some economists to speculate on the demise of coordinated moves to manage the value of the dollar

among the Group of Seven industrial powers.

Markets are becoming increasingly convinced that the Reagan administration favors a resurgent dollar—and its accompanying disinflationary impact at home—in the months before the Nov. 8 presidential election.

In addition, recent remarks by Federal Reserve Board officials, indicating that the American economy is unexpectedly robust and experiencing inflationary pressures, suggest that short-term interest rates in the U.S. will be nudged higher, thus underpinning the currency.

"The single most important factor in the strength of the dollar is the perception that the Federal Reserve, under Alan Greenspan, is continuing to tighten monetary policy," said Mr. Brown.

"Higher U.S. interest rates and bond yields have made the U.S. currency attractive to investors," he said. "Mr. Greenspan's remark last week that policy will err on the side of tightening is more important than the latest trade figures. After all, the U.S. trade deficit will still exceed \$120 billion this year."

Britain, faced with domestic inflationary pressure of its own, took the lead Monday by prompting a half-point rise in banks' base lending rates to 10.5 percent, the sixth half-point increase in as many weeks. Independent economists said further base rate increases were needed, and some predicted that 12 percent rates were likely by year's end.

The danger caused by the long lags is that we will have a period of false assurance and confidence because of the rapid improvement in 1988 and 1989," said William Cline of the Institute for International Economics. "It is important that the dollar stays at a level it reached before the rally began in late June. These dollar levels are 128 yen and 1.68 marks. Under this assumption, the trade deficit will narrow to a minimum of \$100 billion in 1989 and 1990 and then begin to widen again.

There is a consensus among government policy makers and economists that the trade deficit has to shrink.

Hongkong & Shanghai Role Is Cut

By Coleen Geraghty International Herald Tribune

HONG KONG — Accounting changes in Hong Kong's banking system, which took effect Monday, curtailed Hongkong & Shanghai Bank's dominance in money market operations and extended central bank functions to the territory's monetary authorities.

Economists and bankers assessed the changes as significant but said they did not go far enough toward reducing Hongkong & Shanghai's privileged role as clearinghouse for the banking industry.

The changes give Hong Kong's monetary authorities more influence over the availability and price of funds in the interbank market, and, consequently, more power to

maintain exchange rate stability. The value of the Hong Kong dollar has been linked to that of the U.S. dollar since 1983, moving in a narrow range.

Under the new system, Hongkong & Shanghai, the largest commercial bank in Hong Kong, has lost the power to control interbank market liquidity. In its previous role as the territory's central clearinghouse, the bank was able to influence the size of the net clearing balance, the total surplus of funds held by Hong Kong's banks against checks drawn against them.

That power has been transferred to the Exchange Fund as the ultimate provider of liquidity to the interbank market. The government Monetary Affairs Branch operates the fund.

Hongkong & Shanghai now has to maintain a Hong Kong dollar account with the Exchange Fund, containing a balance no less than the net clearing balance of the rest of the system.

When the bank uses local currency to buy U.S. dollars for customers, causing a rise in the net clearing balance, it will be forced to finance the transaction by borrowing Hong Kong dollars in the interbank market, just as any other bank.

David Li, director and chief executive of the Bank of East Asia, and a frequent spokesman for the Chinese banking community, welcomed the changes as long overdue.

"For five years, we have been complaining about the unfairness of Hongkong Bank's dominant role in the system," Mr. Li said. "There was a conflict of interest in the fact that the bank worked as an agent for the government while at the same time serving commercial clients."

Chris Pavlou, treasury manager of Hongkong & Shanghai, agreed that the accounting changes removed certain conflicts of interest for the bank.

"We now have more freedom to act for our customers," he said. "Previously, our interbank market responsibilities could prevent us from getting the best exchange rate for our customers."

Several bankers said the changes cast the government in the role of a quasi-central bank, although monetary authorities denied seeking such a position.

Other observers, including the influential Chinese-language Hong Kong Economic Journal, said they saw the new rules as an attempt to modify Hongkong & Shanghai's dominant role in the system before 1997, when that position might be assumed by the Bank of China.

Despite the changes, Hongkong & Shanghai's powerful position in the local market remains essentially undiminished, bankers and economists agreed.

Analysts Project Long-Term Dangers to U.S. Economy Arising From Strong Dollar

By Jonathan Fuerbringer New York Times Service

NEW YORK — The dollar's rally has had short-term benefits for the U.S. economy, including making imports cheaper and reducing the prospect of higher inflation.

But it hides long-term dangers, including a slowdown in economic growth and a widening, rather than narrowing, of the U.S. merchandise trade deficit, according to three new economic studies.

Although the negative impact from an even slightly stronger dollar will not be seen before November's presidential election, it could sow the seeds of serious economic problems over the next several years for whoever is elected, the figures show.

If the dollar holds at about its present level without falling back, the trade deficit will stop shrinking in 1989 and will begin to expand again in 1990, according to an analysis prepared by The New York Times by Data Resources Inc. of Lexington, Massachusetts. That is because imports to the United

States will increase as they become cheaper and exports will decline as they become more expensive abroad.

And Data Resources' projected economic growth rates for 1989 and 1990 are around 1 percent a year, lower than anticipated now, because of the decline in production of exports. Economic growth at this level would mean rising unemployment.

A second analysis, prepared for the Times by WFA Group of Bala Cynwyd, Pennsylvania, shows a similar reversal of the decline in both the merchandise trade deficit and the broader current account deficit, which includes services ranging from insurance to investment income.

And an independent analysis prepared by the Institute for International Economics in Washington shows that even before the recent rally in the dollar, its level was still high enough in the first quarter of this year so that the trade deficit would stop shrinking in two years and not go below \$100 billion. In

1987 the deficit was \$170.3 billion. Such a long-term outlook for the dollar raises some questions about the Reagan administration's current policy and whether it should be tolerating the rally. The levels the dollar reached by the end of last week — 1.8805 DM and 135.45 yen — were even higher than assumed in the three analyses, which were prepared earlier in the week.

The predictions may seem far-fetched because the U.S. economy is in a record peacetime period of expansion, inflation is under relative control and officials appear to be pleased with the three-week rally of the dollar, which has climbed more than 6.7 percent against the Deutsche mark and 7.2 percent against the yen.

In addition, Congress and the administration are about to approve trade legislation aimed at opening foreign markets, and the U.S. trade deficit, after years at record levels, is shrinking, as shown in the \$10.93 billion deficit for May, reported Friday. These analyses fit with a general

notion — although not a consensus — that the dollar must fall rather than climb to assure that the trade deficit continues to narrow. The level of the dollar has a key influence on the trade deficit, and even a small increase in the dollar can change the outlook, a factor that has gotten little attention.

Roger Brinner, the chief economist for Data Resources, said he was taken aback by the results of his study.

"It is a surprisingly tough outcome compared with most people's reactions to recent events on the dollar," he said. "I was surprised that the dollar would drag us down to 1 percent growth."

Lawrence Chimirene, chairman of WFA Group, said: "I don't think I am in favor of pushing the dollar up. Stabilizing it would be counterproductive."

\$100 billion, and that is unsustainable.

An added danger is that for the time being the trade deficit figures are likely to continue to look good, further relieving worries about a rising dollar. The bad news would not begin to materialize until next year. That is because it takes so long for the effect of a rising or falling dollar to work its way through the U.S. economic system.

"The danger caused by the long lags is that we will have a period of false assurance and confidence because of the rapid improvement in 1988 and 1989," said William Cline of the Institute for International Economics. "It is important that the dollar stays at a level it reached before the rally began in late June. These dollar levels are 128 yen and 1.68 marks. Under this assumption, the trade deficit will narrow to a minimum of \$100 billion in 1989 and 1990 and then begin to widen again.

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Lawrence Chimirene: A vote for stabilization of the dollar.

\$129 billion in 1989 and \$115 billion in 1990.

In the alternative projection, Data Resources assumes that the dollar will stay at the average level through 1990 that reflects the cur-

Monday's OTC Prices. NASDAQ prices as of 4 p.m., New York time. This list, compiled by the AP, consists of the 100 most traded over-the-counter stocks. It is updated twice a year. Via The Associated Press.

Table of OTC stock prices with columns: 12 Month High, Low, Stock, Div. Yld., Sales in \$ Mil., High, Low, 4 P.M. Chg.

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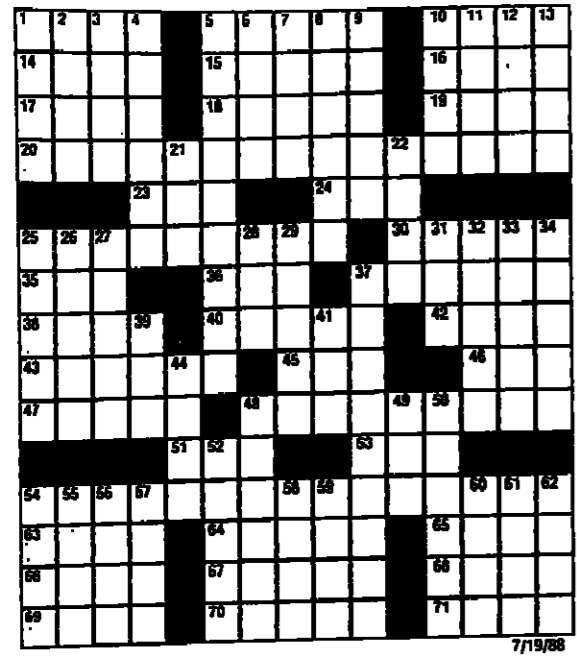
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Bass Improves Its Offer To Acquire Macmillan. The Associated Press. NEW YORK — Robert M. Bass Group Inc. started on Monday an improved tender offer of \$75 a share, or \$1.94 billion, for the publishing giant Macmillan Inc. Attorneys representing the Texas-based Bass group said a letter was sent to the Macmillan board with details of the offer. It is the second time that Bass, which already holds a 9.9 percent stake in Macmillan, has improved its offer. The group most recently had offered \$73 a share, or \$1.9 billion. The tender offer began just days after the Bass group won a crucial legal victory in halting Macmillan's defensive restructuring plan.



ACROSS

1 U.S. Coast Guard woman
5 Pile neatly
10 Throat-clearing sound
14 Roof edge
15 d'Artois
16 Opposite of yep
17 British Navy woman
18 Foreigner
19 Speaker of baseball
20 Scarlet weaverbird
23 Ott or Tormé
24 Liquid meas.
25 "Hill"
1940 song
30 Auricle
35 Time period
36 Actress
37 Eye
38 Assistant
40 Main artery
42 Italian wine center
43 Mentally defective person
45 Son of God; Gen. 46:16
46 Moray, e.g.
47 A king of Judea
48 Thanksgiving Day sauce

DOWN

1 Stitches
2 Segment
3 Assert
4 Change a title
5 Groom, e.g.
6 Falsehood, sometimes
7 Red powder used in India
8 Priests and bishops, e.g.
9 Nairobi its capital
10 Oppositionist
11 Cornucopia
12 Long heroic poem
13 Engage, as gears
21 Spider network
22 Escape

51 Ration-book
53 Spanish title
54 T'wain novel
55 SW Asian country
64 Proportion
65 Money exchange fee
66 Having all one's marbles
67 Holding device
68 "and
69 Seattle
1977 Derby winner
70 Pulls
71 Gaelic

25 Sandy shore
26 River in France
27 Below
28 Ebro is one
29 More unusual
31 Miranda native
32 Part of a stairway
33 Be admitted
34 Better's
37 Fallers on Bacharach's head
39 Ike's command
41 "la-la-la"
44 False god
48 Occult doctrine
49 Lad
50 Write on the front of a bill
52 Sit
53 Sibilant sound
54 Soviet mountain range
56 Walking aid
57 "What Maisie"
James
58 Common Latin abbr.
59 Hoarrost
60 Cassini or Stravinsky
61 Kind of cone or dive

PEANUTS



BLONDIE



BEETLE BAILEY



ANDY CAPP



WIZARD OF ID



REX MORGAN



GARFIELD



WEATHER

EUROPE	HIGH	LOW	ASIA	HIGH	LOW
Aberdeen	18	12	Bangkok	32	26
Amsterdam	19	13	Beijing	31	25
Birmingham	18	12	Bombay	31	25
Boston	19	13	Calcutta	31	25
Breiden	18	12	Hankow	31	25
Buenos Aires	22	16	Harbin	31	25
Cardiff	18	12	Hong Kong	31	25
Chicago	22	16	Kobe	31	25
Copenhagen	18	12	Manila	31	25
Dallas	22	16	Peking	31	25
Dublin	18	12	Shanghai	31	25
Edinburgh	18	12	Taipei	31	25
Frankfurt	18	12	Tokyo	31	25
Geneva	18	12			
Helsinki	18	12			
London	18	12			
Los Angeles	22	16			
Madrid	22	16			
Moscow	18	12			
Munich	18	12			
Nice	22	16			
Osaka	22	16			
Paris	18	12			
Prague	18	12			
Stockholm	18	12			
Toronto	22	16			
Washington	22	16			
Yokohama	22	16			

World Stock Markets

Market	Index	Change
Amsterdam	171.2	+0.2
Bombay	104.5	+0.5
Buenos Aires	115.2	+0.2
Calcutta	102.1	+0.1
London	1045.8	+12.5
Madras	101.5	+0.5
Mumbai	104.5	+0.5
Stockholm	112.5	+0.5
Tokyo	198.5	+1.5

BOOKS

MARKETS: Who Plays, Who Risks, Who Gains, Who Loses
By Martin Mayer. 272 pages \$18.95.
W.W. Norton & Co., 500 Fifth Avenue, New York, N.Y. 10110.
Reviewed by John Rothchild

"MARKETS" is one of the earliest literary byproducts of Scary Monday last Oct. 19, and soon to be followed by others. Ever since Mark (The Bid) Friday, the 19-year-old pitching phenom for the Detroit Tigers, threw out his arm before his autobiographies could be finished, the publishers have gotten better at getting words printed fast, especially about sports heroes and calamities. One can sympathize with Mayer, who has managed to write 21 nonfiction books and three novels, and who presumably has developed a reputation for fast writing. This time they sent him out to do a book on the markets — Singapore, Tokyo, London, the United States — and right in the middle of his research the initial election he must have felt at already being out there on the scene, with a head start on the competition. Unfortunately, this was a fool's paradise. Not only was Mayer diverted by the collapse — which deserves an entire book on its own — but he must have been forced to write even faster than usual to exploit his timely advantage.

The personal drama of somebody doing something very daring — which is what happened in the movie "Wall Street" — or else you get caught up in the mechanics of buying and selling. The later is Mayer's unfortunate choice. His worthy attempts at guiding us through puts, calls, arbitrage, gold futures, yen spreads and the notorious "program trading" require many pages.

The one real point of interest in this first part is Mayer's wonderful description of the New Bedford fish market, which, once again, could have been a book in itself. But too soon he's back to the South Sea Bubble and forward to the history of the Chicago Mercantile Exchange, giving extended and insufferable definitions of open interest and spreads, repo markets, English markets and the Telenote spread.

Then it's on to Tokyo's Nikkei-Dow index, links to Antwerp and Sydney, unified trading books, primitive Italian clearings, gold fixing, bench mark bonds, T-bond futures, covered and noncovered options, foreign exchanges, the DOT system, dynamic hedging, behavior in the major market index.

Mayer has something very interesting to say about Scary Monday. He says it was the failure of the computers that kept the stock market from falling even further, perhaps to 1,400 or lower, and from taking the banking systems down with it. The breakdown in technology is what saved Wall Street on Oct. 19, and the buy and sell programs got overloaded. If that hadn't happened, the computers might have continued to sell more stocks and futures.

"The process," Mayer concludes, "could repeat itself until neither the futures contract nor the stocks had any market value at all." This is a chilling thought, especially when you realize that the computer glitches are the one thing that are sure to be ironed out as they fail.

At the end of "Markets," Mayer argues for some reform, especially in the futures, options and program trading that contributed to a federal transfer tax on stock sales, namely the 5 cents a share already imposed by the state of New York, to discourage wanton and senseless paroxysms of buying and selling such as the one we had.

This is a rather mild cure compared with the one recently proposed by Warren Buffett. That famous investor is calling for a 100 percent tax on all profits from the sale of stocks, futures, and options held for less than one year. A 100 percent turnover tax would put an immediate stop to the whole short-term trading business, and that alone might save Wall Street from a second attack.

John Rothchild is the author of "A Fool and His Money: The Odyssey of an Average Investor." He wrote this for The Washington Post.

Solution to Previous Puzzle

GRAB	COOT	AIQABA
RIGA	LAVE	DULLS
OSAR	ATOP	RATES
WHIG	SHIP	PELOU
LINERS	DEAR	
DAY	VESSEL	
PUTIN	ABLE	AIDA
ASON	ALLOD	INEZ
INFO	CLAM	CLOWE
LAUNCH	JOE	
KEELE	DONES	ONDECK
NIXED	YARD	IVAN
ONENO	EDNA	TRET
WESTS	SEEN	OARS

CHESS

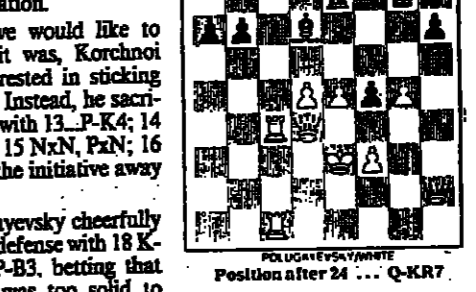
By Robert Byrne

LEV Polugaevsky started his bid to finish strong to win the Sweden International Chess Tournament held May 9-21 in Haninge, a suburb of Stockholm. The 53-year-old Soviet grandmaster, a former world championship candidate, topped an almost-all-grandmaster field with an 8-3 score.

Ulf Andersson, Sweden's towering grandmaster, made his first appearance in a Swedish event since 1971 and took second prize with a 7-4 tally.

In the Classical Exchange Variation, Greenfield Defense, it is standard to play 10...Q-Q1. Polugaevsky was enticing his opponent into 10...P-P1; 11 P-P, Q-R4ch, so that he might work for a mating attack after 12 K-B1?; B-Q2; 13 P-KR4.

This had all been played before, in a game between Bela Balogh and Karoly Honfi in Budapest 1966, which had continued with 13...P-KR4; 14 N-B4. Honfi had repulsed the attack, which had, consequently, gotten bad notices in the theory books. Polugaevsky's dragging it up now meant, of course,



Whereas we would like to know what it was, Korchnoi was not interested in sucking his neck out. Instead, he sacrificed a pawn with 13...P-K4; 14 P-Q5, N-Q5; 15 N-N, P-N; 16 B-P to take the initiative away from White.

But Polugaevsky cheerfully went over to defend with 18 K-K2 and 19 P-B3, betting that his position was too solid to make inroads against.

Korchnoi had to do something and thus chose the obvious exchange sacrifice, 19...RxB; 20 RxB. But there was no point in recouping it, 20...B-N4; 21 K-K3, BxK; 22 Q-N3ch; 23 Q-Q4, Q-R4; 24 P-Q6, QxP; 25 P-Q7, R-Q1; 26 R-QB1 would win rapidly for White.

He therefore tried to get in behind the white lines by 20...QxPch; 21 K-K3, QxP, but Polugaevsky calmly frustrated his efforts.

Indeed, so confident was Polugaevsky that after 24...Q-KR7, he played 25 P-K6!, daring Korchnoi to venture 25...KxP6; 26 PxB, RxBch; 27 K-

Ballesteros Beats Price

Johnnie Walker... Ballesteros... The whisky market... Ballesteros... The whisky market... Ballesteros... The whisky market...



SCOREBOARD

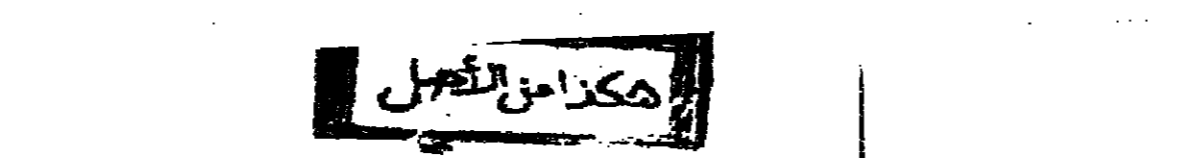
League	Team	Score
AMERICAN LEAGUE	Los Angeles	5-2
	California	4-1
	Seattle	3-0
	San Diego	2-1
NATIONAL LEAGUE	Atlanta	6-1
	Montreal	5-0
	Philadelphia	4-1
	Pittsburgh	3-0

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SPORTS

Ballesteros Shoots a 6-Under 65, Beats Price by Two to Take Open

LYTHAM, England — Seve Ballesteros overhauled Nick Price with a 6-under-par 65 to score his third British Open triumph Monday as the course where he began his rise to golfing greatness...

three inches (76 millimeters) from the cup. He tapped in for birdie and the edge he needed. Price had a chance to re-tie, but missed from 10 feet (3.04 meters)...



Seve Ballesteros and fans, reacting to his pressure chip at the 18th.



Chicago's Gary Redus scored when he jarred the ball loose from catcher Don Slaught in Sunday's first inning, but New York won, 7-3.



Chicago's Gary Redus scored when he jarred the ball loose from catcher Don Slaught in Sunday's first inning, but New York won, 7-3.

Witt Hot Amid Heat, Blanks Brewers, 3-0

Compiled by Our Staff From Dispatches ARLINGTON, Texas — On a day when a heat wave wilted pitchers from coast to coast, the Texas Rangers got a complete game from an unlikely source...

Griffith Joyner Sprints Into the Olympic Limelight

By Frank Litsky New York Times Service INDIANAPOLIS — Florence Griffith Joyner is for real. While the debate continued over her controversial and totally unexpected 100-meter world record of 10.49 seconds Saturday...

200-meter dashes and 100- and 110-meter hurdles) and in the horizontal jumps (long jump and triple jump). On races of one lap or more, a following wind on one straightaway is theoretically offset by a head wind on the other...



Coach Bob Kersee, hoisting his obviously delighted prodigy.

SCOREBOARD

Table with columns for Baseball, Major League Leaders, Major League Standings, Golf, and Cycling. Includes sub-sections for American League, National League, and British Open: Final Round.

Many Conceding Tour Victory to Delgado

By Samuel Abt International Herald Tribune LUZ ARDIDEN, France — "Barring injury, Pedro Delgado has already won the Tour de France," Bernard Hinault announced Monday morning, nearly a week before the bicycle race ends...



Overall leader Pedro Delgado, center, getting some liquid refreshment from a spectator on Monday.

Nebraska Tries to Stage a Rare Match Race

NEW YORK — Match race: The phrase immediately evokes a sense of sadness in the minds of people in the horse racing world. Will there ever be another match race? There will if the management team of Ak-Sar-Ben Race Track in Omaha, Nebraska, one of the biggest racetracks in the Midwest, has its way...

Communications Inc. "I think people are thinking twice. There are enough races of great money now where you don't have to prove anything." Will there ever be another match race? There will if the management team of Ak-Sar-Ben Race Track in Omaha, Nebraska, one of the biggest racetracks in the Midwest, has its way...

TRANSITION

BASEBALL American League New York Yankees 7-3 Philadelphia Phillies 1-0

TENNIS

WOMEN'S TOURNAMENT FINALS (At Burslem) Arantxa Sanchez (4), Spain, def. Raffaella Rappali (2), Italy 6-4, 7-5

ART BUCHWALD

Done In by a Doer

WASHINGTON — The worst thing you can ask a woman these days is "What do you do?" I made this mistake the other night when I turned to the lady seated next to me at a dinner party and posed the question.



Buchwald

"I don't do anything," she said. "I make breakfast for the family and then I clean the kitchen. After that I call the telephone company to find out if they're planning to send anyone to fix the phone, and then I go to the supermarket with a long list of things that we're out of."

"But you're doing something," I said. "I'm really not worth much," she said. "After the supermarket, I pick up my youngest child from kindergarten and leave him at the babysitter while I go off in search of fertilizer for the lawn. I don't wear nice suits, and I never carry a briefcase."

\$10,000 Honor for Author

United Press International WASHINGTON — The National Endowment for the Humanities has chosen Walker Percy to deliver the 1989 Jefferson Lecture, the highest award that the federal government bestows for distinguished achievement in the arts.

How Debbie Gibson Came Out of the Blue

Richard Harrington

WALDEN, N.J. — "Deborah, you have to eat. Why don't you have a sandwich?" Deborah Gibson is in her dressing room at the Garden State Arts Center, nibbling on cheese and crackers, scrunched up in a chair, trying to explain what makes her idol Debbie Gibson run. Just now, though, she's an idle teen, resisting her mother's entreaties and a table filled with all sorts of you-know, nutritional things.

Lanky and wholesome as the girl next door — provided you live in Merrick, an All-American, middle-class suburb on Long Island — Deborah Gibson is apparently a typical 17-year-old, a sort of Everyteen.

But Debbie Gibson "from the time I was 6 years old I've tried to make people call me Deborah but it just doesn't flow off my tongue," says Debbie. "The first time I got the idea of being a pop singer in my head was seeing Billy Joel in concert when I was 9. The whole concert situation, the fact that he had so much control over the audience, how everyone — me included — was dancing in their seats the whole time — I just loved that."

Her mother Diane Gibson recalls: "When she was 2 years old, and only this big, she wanted a guitar, desperately. We passed the music store one day and I saw this little — Debbie! The first time I got the idea of being a pop singer in my head was seeing Billy Joel in concert when I was 9. The whole concert situation, the fact that he had so much control over the audience, how everyone — me included — was dancing in their seats the whole time — I just loved that."

Debbie Gibson's career is a family affair, involving everyone from her grandparents (who run the fan club created to respond to the 5,000 letters arriving each week) to her youngest sister Denise (13 and making \$100 a week as the tour's wardrobe assistant). Older sister Michelle designed Debbie's costumes; another older sister, Karen, and her fiancée did the tour book. Mother Diane is Debbie's personal manager.

"My goals were always in music," says Debbie Gibson matter-of-factly. "I just didn't know if it would be Broadway or recording. The only difference is I wasn't spotted. In sports a lot of times scouts come; it doesn't happen like that in music because there are too many people going after record companies."

Still, most of them don't study classical piano from age 5, or have a recording studio built in their garage when they're 13 years old. Says Debbie: "The first time I got the idea of being a pop singer in my head was seeing Billy Joel in concert when I was 9. The whole concert situation, the fact that he had so much control over the audience, how everyone — me included — was dancing in their seats the whole time — I just loved that."

Now, after graduating from Long Island's Calhoun High with honors, Debbie Gibson is on her first tour; it will touch down in 40 American venues before heading for Europe and Asia.

Children's Chorus for three years; doing community theater and commercials. And then she made an unusual request for a confirmation gift: a Casio synthesizer. She promptly whipped up "I Come From America" for a song-writing contest whose deadline was the following day. Three weeks later somebody called Diane Gibson and said, "We'd like to congratulate you on your daughter's winning \$1,000."

The Gibsons' garage was converted into a four-track recording studio, with one keyboard and one drum machine as well as the family washer and dryer. The studio is now up to 12 tracks and swash with keyboards and drum machines. Then there were voice lessons and a grounding in the basics of production with engineers, producers, arrangers and other music professionals. The result: She became not just a singer — the classic role offered women in music — or writer, but also a musician and producer, a total pop package.

There were also dance classes, which probably helped Gibson develop her surprisingly savvy stage presence. Gibson sometimes managed to temper her drive with the rituals of youth: hanging out at a mall; going to the movies (she also worked as an extra in "Sweet Liberty" and "Ghostbusters"); watching MTV (though she was also on TV, appearing in national commercials for Commodore computers and Wendy's); listening to Top 40 radio ("Grease," Olivia Newton-John, Billy Joel, the Bee Gees, Elton John).

That last bit explains her penchant for fluid, hook-laden songs and her pursuit of marketable pop craft. "Everyone grows up having the popular music of their time as their influence. That's why the older artists say the Beatles were their influence. It just so happens that the popular music of our day is George Michael and Madonna, but it's so recent that it's hard for people to comprehend that."



"Teeny popper" Gibson, graduated from high school and on tour.

By 1986, with 100 demos recorded in the garage studio, Gibson began looking for a record contract. Along with a number of rejections came some tentative offers — if only Gibson would record other people's songs. She wouldn't, "I just put my foot down, said sorry, I'll wait until I can do it on my own."

Two weeks after her 16th birthday, she signed with Atlantic. On stage, she exudes professionalism, coming across as a sort of mini-Madonna with two male backup singers, a tight six-piece band and an impressive set (which Gibson designed herself).

"Some people say I'm the next Madonna and some say I'm the anti-Madonna," Gibson says with a shrug. "It's weird. I'm a little bit of both, obviously. My music is fun like hers but without that whole sexy image that she really played up. My image is more flirtations."

PEOPLE

Soviet Weekly Publishes Poems by Yuli Daniel

A mass-circulation Soviet weekly has published a selection of poems by Yuli Daniel, whose 1966 trial with Andrei Sinyavsky, was a key event in sparking the dissident movement. The six poems, published in Ogonyok, were written after Daniel was sentenced to five years in labor camp for "anti-Soviet propaganda." Sinyavsky got a seven-year term. Both men had published satirical prose abroad under pseudonyms. Their trial provided a focal point for dissidents, including Alexander Ginzburg and Vladimir Bukovsky, who were jailed in turn. Soviet sources said recently that Daniel, a translator, was terminally ill with cancer. Sinyavsky emigrated to France after his release.

The actor Michael J. Fox, star of "Bright Lights, Big City," and Tracy Pollan, who played his former girlfriend on the television show "Family Ties," were married in a ceremony at an inn in Arlington, Vermont, a town of 2,200. The ceremony was reserved for family and close friends. More than 40 reporters and photographers waited outside the inn. Six helicopters hovered over the building.

The inventor of the wireless telegraph, Guglielmo Marconi, liked his research ship, the Elettra, so much that he named a daughter after it. The ship, which the scientist used as a home and laboratory, was destroyed in World War II. Italy and the United States is building a near-replica as a floating museum. Its maiden voyage will take it to New York harbor in 1992, the 500th anniversary of Christopher Columbus's first voyage. "My father loved the sea and loved the yacht Elettra," said Princess Elettra Marconi Giovannelli, who was in New York raising money for the project.

A casting call for extras in a Jane Fonda-Robert De Niro movie drew about 3,000 people in Waterbury, Connecticut, despite controversy that has surrounded the movie. The choice of Waterbury for some scenes sparked protests earlier from veterans upset about Fonda's visit to Hanoi in 1972 during the Vietnam War. But the actress met with the veterans in June and apologized for her trip to Hanoi.

Global Newspaper, Jackson Is Policy Con And Enhanc

PERSONAL MESSAGES, ANNOUNCEMENTS, MOVING, ALLIED, AUSTRALIA, BELGIUM, BR. VIRGIN IS., DENMARK, FINLAND, FRANCE, GERMANY, HONG KONG, JAPAN, NETHERLANDS, SWEDEN, UNITED KINGDOM, MONTE CARLO, INTERMEDIA, SPAIN

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